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Investment Compact Activities Report

5th Meeting of the South East Europe Investment Committee

Paris, France - November 16, 2009

Highlights of Recent Investment Compact Activities

- Preliminary analysis of the Investment Reform Index (IRI) 2009 completed. Follow-up with country economic team (CET) leaders and finalisation of draft text underway. The final report is on schedule to be released by early 2010.
- The SME Policy Index 2009 report was officially released on 17 June 2009. Preparations for next monitoring cycle based on the Small Business Act have been initiated.
- The second phase of the project Sector Specific Sources of Competitiveness (SSSC) in the Western Balkans is well underway. Among the numerous activities in the second phase, the Investment Compact has completed research and identified best practices in: credit bureau and credit registry institutional requirements, the design of internship programme and adult training programmes, and automotive industry promotion.
- The results of the Investment Compact's analysis on the implementation of the investment-related clauses of the CEFTA 2006 were presented in Podgorica, Montenegro on 27 October 2009 as part of CEFTA week activities. The final publication is to be released in early 2010.
- The OECD Investment Compact in cooperation with the OECD Local Economic and Employment Development (LEED) programme has completed its preliminary analysis of policy barriers to SME development at the sub-national level in Serbia. This is part of a pilot project examining the interaction between national-level SME policies and regional level SME programmes.
- The following working groups have all met since the previous SEE IC meeting: Human Capital (Zagreb – 17 September); Investment Promotion (Belgrade – 19 June); Regulatory Reform (Sarajevo – 21 to 23 October); and Taxation (Dubrovnik – 16 to 19 June).
- Work has also progressed in the design of a major new area of work to be funded by the European Commission – the Regional Competitiveness Initiative – which aims at addressing medium-term challenges to the economies of the Western Balkans highlighted by the global economic crisis.

DRAFT

TABLE OF CONTENTS

Monitoring and Evaluation

| | |
|------------------|---|
| IRI 2009 | 3 |
| SME Policy Index | 3 |

Support in Implementation

| | |
|--|----|
| Regional Competitiveness Initiative | 5 |
| Sector Specific Sources of Competitiveness (SSSC) in the Western Balkans | 5 |
| Central European Free Trade Agreement (CEFTA) | 7 |
| Serbia Sub-national SME Policy Project | 9 |
| Working Group on Taxation | 10 |
| Working Group on Regulatory Reform | 10 |
| Working Group on Investment Promotion | 11 |
| Working Group on Human Capital | 12 |
| Croatian Investment Compact Office | 13 |

Annex

| | |
|-----------------------------------|----|
| Macro-economic indicators for SEE | 15 |
|-----------------------------------|----|

DRAFT

Monitoring and Evaluation

Investment Reform Index (IRI) 2009

Fieldwork for the Investment Reform Index 2009 (IRI 2009) began in May, and continued intensively throughout June and July. In each of the ten economies covered by the IRI 2009 multi-Ministry review meetings were held with Investment Compact staff. These meetings aimed to assist in clarifying elements of the government self-evaluations, while contrasting the results of those self-evaluations with the assessments provided by independent experts. Throughout August and September the Investment Compact has been managing the receipt of finalised data submissions from governments (in one or two cases, some data elements were still absent as of mid-October).

In addition, in all of the economies concerned, Private Sector Focus Group (PSFG) meetings were held with the key private sector representative organisations. Additional follow-up PSFG meetings were also held in September in both Bulgaria and Romania. During the PSFG meetings responses to a structured questionnaire were provided by the private sector representative bodies and discussed in detail with Investment Compact staff.

In almost all countries covered, meetings were also held with staff from the local offices of the World Bank and the European Commission. Excellent input was had from both organisations. Additional meetings were also organised in a number of countries with the European Bank for Reconstruction and Development.

Investment Compact staff plans to have draft texts ready for review in the second half of November 2009. The IRI results will be presented both by dimension of policy examined as well as by country. A number of international organisations have already requested access to the unique data set generated through this work.

Final publication is set for early in 2010. In this connection, the Investment Compact staff will liaise closely with CET leaders and their offices towards the end of 2009, and early 2010, in planning: (i) launch events in each country; (ii) other events in each country that could help to provide maximum policy value from the work performed and outline possible follow-up activities.

Small and Medium Enterprise (SME) Policy Index 2009

Evaluation of SME policy is the object of a separate evaluation process built around the SME Policy Index, which is based on the European Charter for Small Enterprises¹. The SME Policy Index allows countries and entities to benchmark their progress relative to peers in the region and provides directions on how to make improvements in each dimension.

A second regional report has been published by the OECD in cooperation with the European Commission, European Training Foundation, and the European Bank for Reconstruction and Development. The report was launched at a high-level meeting in Brussels on 17 June in the presence of ministers from the Western Balkans and European Commission Vice-President Günter Verheugen.

¹ In 2003, all SEE countries endorsed the European Charter for Small Enterprises, the main policy framework for SME development elaborated by the European Union. In parallel, they actively promoted entrepreneurship and innovative SMEs through the Bologna Process, co-ordinated by the OECD. The IC supported the endorsement process by providing an independent assessment of SME policies through the development of the Enterprise Policy Performance Assessment (EPPA). At the end of 2005, the SEE countries launched a second phase of the European Charter process (2006-08) and agreed to adopt the SME Policy Index as a common tool to measure and communicate progress on the ten action lines of the European Charter for Small Enterprises.

DRAFT

Building on the 2007 SME Policy Index - released as the first comprehensive comparative assessment of progress made in the Western Balkans in implementing the European Charter for Small Enterprises - the 2009 SME Policy Index provides further comparative analysis, as well as a detailed assessment of country performances over the last two years.

The report also includes a special section on supporting high-growth and innovative SMEs (HGSMEs), which provides the background and context of HGSMEs, as well as recommendations for offering sound policy support for HGSMEs, and upgrading the SME policy process. Case studies on the former Yugoslav Republic of Macedonia and Serbia are also included.

The next monitoring cycle of SME policy in the Western Balkans will begin in spring 2010. It will be characterised by a shift from the Charter as the main guideline to the Small Business Act (SBA). This shift stems from strong interest by Western Balkan governments and partner organisations (OECD, EC, ETF, and EBRD) to adopt the SBA as the main guidance tool for SME policy. An additional element of the next monitoring cycle will be organization of company surveys in the region, in order to obtain better insight about the implementation status and the impact of SME policy measures.

Activities conducted since May 2008

- The second regional report, the SME Policy Index 2009, was completed and published in June 2009.
- The report was launched at a high-level meeting in Brussels on 17 June in the presence of ministers from the region and European Commission Vice-President Verheugen.
- Paper copies of the report have been disseminated across the Western Balkan countries and to other key stakeholders. Electronic copies have been made available on the partner organisations' websites.
- A meeting between the partner organisations and the National SBA Co-ordinators took place in Stockholm, Sweden during the annual EU SBA conference. The group discussed the planning for the transition from the Charter to the SBA.

Activities to be conducted over next six months

- Develop a new SME policy monitoring tool with new indicators, based on the Small Business Act. Hold two regional meetings to: i) present and discuss the new assessment tool; and, ii) validate it with the governments of the region.
- Start the third monitoring cycle, based on the new assessment tool.

DRAFT

Support in Implementation

Regional Competitiveness Initiative

The Regional Competitiveness Initiative is a prospective 3-year € 3.8 million EC co-funded project focusing on a medium-term response in the Western Balkans to the global financial crisis (concentrating on a range of themes in innovation and skills gaps analysis). The project is in a final phase of negotiation with the EC, with implementation expected to commence in early 2010.

The RCI aims to: strengthen long-term competitiveness of the Western Balkan economies through improving human capital development and boosting innovation. The RCI will, in particular:

- assist beneficiaries to develop and monitor policies designed to close identified skills gaps and foster and strengthen innovation capacities;
- establish effective national and regional structures to review and adapt policy reforms in the field of competitiveness;
- stimulate dialogue between governments and industry;
- expedite the implementation of policy reforms in sectors that possess comparative advantage and which have economic significance across the region.

The expected results of the RCI are:

- the establishment and/or strengthening of national competitiveness councils in each beneficiary country as well as a regional competitiveness council comprising representatives of governments and industry, to oversee development of synergies at regional level;
- in-depth analysis and development of policy recommendations on human capital development and innovation in selected beneficiaries;
- deliver tailored analytical and development tools adapted for use in the individual beneficiary countries; and
- implementation of sector-specific policy reforms and development of regional linkages in selected sectors across governments and industry.

Sector Specific Sources of Competitiveness (SSSC) in the Western Balkans (supported by the European Commission)

In view of the European Union's wider strategy to promote growth and stability in the Western Balkans, attracting a growing share of foreign direct investment (FDI) is a key priority for the region. The CARDS/2006/131-329 project "Defining and Strengthening Sector Specific Sources of Competitiveness" (SSSC) was initiated by the European Commission, the OECD and the World Bank to tackle this challenge and complement existing initiatives at the national level. The project provides the Western Balkans with policy making assistance targeted to sectors that have significant regional employment potential, namely apparel manufacturing, automotive components, business process and technology outsourcing (BPTO).

The project was designed to consist of two phases: Phase 1- Developing a regional investment strategy; and, Phase 2 - Targeted implementation of the regional investment strategy. The OECD Investment Compact is currently implementing Phase 2, focusing on three main areas:

- Access to finance for apparel manufacturing;
- Investment promotion for automotive suppliers;
- Human capital development for BPTO.

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Activities conducted since April 2009:

Access to finance for apparel manufacturing

- Conducted several meetings with private and public sector institutions related to access to finance, including banks, leasing associations, central banks, SME agencies, credit guarantee schemes, public registries, etc. in Croatia, the former Yugoslav Republic of Macedonia and Serbia.
- Commissioned a paper on credit guarantee scheme institutional requirements and best practices.
- Conducted research and produced paper on credit bureau and credit registry institutional requirements and best practices.
- Finalised a review of SEE countries' access to finance institutions in conjunction with the IRI.

Investment promotion for automotive suppliers

- Conducted interviews with investment promotion agencies, automotive cluster managers and industry association and established contacts with partner organisations and other donor agencies.
- Identified best practices on automotive industry promotion and developed a list of options for implementation.
- Organised a meeting of the Investment Promotion Working Group to discuss with beneficiaries and other stakeholders options for implementation.
- Reviewed options for implementation on the basis of the results of the Investment Promotion Working Group.

Human capital development for BPTO

- Conducted interviews with policy makers, academics and private sector representatives in each Western Balkan economy to identify the main issues relating to human capital development in the region.
- Identified best practices and discussed potential actions to be launched in the Western Balkans and set up a prioritization framework.
- Conducted research on best practices in the fields of internship program design and adult training.
- Organized the Human Capital Working Group to present the main conclusions.

Activities to be conducted over next 6 months:

Access to finance for apparel manufacturing

- Conduct research and complete a review of investment readiness programmes, cadastres and registries of movable assets institutional requirements and best practices.
- Commission a study on insolvency law best practice and institutional requirements.
- Combine the best practice studies and the review of SEE countries' institutions into an overall review of the institutions in the Western Balkans tasked with improving firms' access to finance.
- Conduct a working group meeting in the first quarter of 2010 on access to finance to review country practices and the draft report.

DRAFT

Investment promotion for automotive suppliers

- Map capabilities of automotive suppliers in the Western Balkans.
- Develop recommendations on how to improve existing automotive websites and databases and support to partners in making the recommendations operational.
- Organise a Western Balkans Automotive Industry Promotional Conference.

Human capital development for BPTO

- Define together with main stakeholders in the region policy domain to be further investigated in the short term.
- Conduct research on current situation in the region and best practices in selected fields.
- Organize a meeting in the first semester of 2010 to communicate results and identify potential for targeted implementation.

Central European Free Trade Agreement (CEFTA)

a) Monitoring the implementation of the investment related clauses of CEFTA 2006

This project, which is financially supported by the European Commission, aims to contribute to the CEFTA 2006 agreement with a view to creating jobs and growth in the region. The specific objective of the project is to support CEFTA structures (CEFTA Joint Committee, CEFTA Sub-Committees and the CEFTA Secretariat) in the monitoring and implementation of investment-related clauses of the CEFTA 2006, through the provision of technical inputs and policy guidelines.

The Project has two key deliverables. For the first, the OECD Investment Compact will prepare an annual independent assessment concerning the implementation of the CEFTA 2006 investment clauses. The assessment will be used as inputs for the Joint Committee, Sub-Committees and the EC. For the second deliverable, the OECD Investment Compact will develop an annual report on the actual and potential impact of CEFTA 2006 on the concentration of firm activity within the signatory Parties. This will be done by analysing data from the original CEFTA signatory countries and the Baltic Free Trade Agreement.

Activities conducted since the signing of the project

- The OECD Investment Compact distributed a questionnaire in August 2009 to the CEFTA Parties asking them to indicate identify restrictions to national treatment. The results of the questionnaire were summarised into a working paper.
- The OECD Investment Compact reviewed the network of bilateral investment treaties (BITs) identified in Annex 6 of the CEFTA Agreement with a view to identifying commonalities and inconsistencies.
- The OECD Investment Compact retained the services of Karanovic & Nikolic Law Office (Belgrade, Serbia) to conduct a thorough review of the intellectual property right (IPR) legal frameworks and enforcement mechanisms in the CEFTA Parties. A detailed report was produced by October 2009.
- The OECD SIGMA programme has conducted a review of public procurement implementation in the CEFTA signatory countries.

DRAFT

- ☑ Two econometric models have been developed, one focusing on the change in industry location after the implementation of the original CEFTA and one looking at the determinants of FDI and particularly how the CEFTA contributed to increased FDI in those same countries.
- ☑ During the CEFTA Week events hosted by the Montenegrin government in Podgorica from 27-28 October 2009, the OECD Investment Compact presented the results of its work monitoring the investment-related clauses, including, restrictions to national treatment; BITs in Annex 6; IPR enforcement mechanisms; and the results of the two econometric models.
- ☑ The evaluation of CEFTA 2006 Parties public procurement systems was presented to government representatives and the CEFTA Parties at an OECD Investment Compact workshop in Ljubljana on 11 November 2009.

Activities to be conducted over the next six months

- ☐ The OECD Investment Compact will publish its work reviewing restrictions to national treatment, the BITs in Annex 6, and IPR enforcement mechanisms subject to comments received from the CEFTA Parties.
- ☐ The OECD Investment Compact will conduct a third econometric model looking in particular at the impact the CEFTA 2006 has had on FDI in the signatory Parties with the goal of finalising policy specific recommendations.
- ☐ The OECD Investment Compact will receive input and comments from government representatives, the CEFTA Parties, the European Commission, etc. and incorporate this information into the final reports. The reports will then be published and disseminated.

b) Aid for Trade –Implementing CEFTA: Overcoming Non-Tariff Barriers

The Aid for Trade Project - Implementing CEFTA: Overcoming Non-Tariff Barriers, funded by the Government of Hungary, was initiated by the OECD Investment Compact in January 2008. The overall objective of the project is to assist the CEFTA Parties to derive the full benefits of the implementation of CEFTA through the reduction/elimination of non-tariff barriers, particularly but not exclusively, those that impact on main trade flows among the Parties. Specific objectives include: to identify, classify and prioritise those NTBs that affect the main trade flows among the CEFTA Parties with particular emphasis on those identified by the business community as the most pressing; identify the main NTBs affecting trade and investment with neighbouring EU Member States and Turkey; provide the CEFTA sub-committee on NTBs and the CEFTA Joint Committee with a draft action programme to reduce/eliminate the prioritised NTBs.

Activities conducted since April 2009:

- ☑ Strengthening and establishment of relations with key CEFTA structures and related projects.

DRAFT

- ☑ Identification and verification of predominant NTBs affecting the main trade flows (i) among the Parties and (ii) between the Parties and key neighbours.
- ☑ Classify priority NTBs to be addressed and development of a CEFTA “Scoreboard.”
- ☑ Development of a series of policy options for reduction and elimination of NTBs.
- ☑ Presentation of policy recommendations and implementation options.

Activities to be conducted over next 6 months:

- ☑ Based on the conclusions of the Budapest Roundtable on NTBs and in consultation with the CEFTA Parties, the CEFTA Secretariat and other project partners, finalise the list of activities where the OECD will provide assistance to the relevant CEFTA structures.
- ☑ Assist CEFTA structures in implementing the policy recommendations.

Serbia Sub-national SME Policy Pilot Project

The objective of this pilot project, supported financially by the Irish government, is to encourage the development of SMEs in Serbia outside of the capital region and in doing so support more balanced growth and employment creation. The project is being implemented by the Investment Compact in cooperation with the OECD’s Local Economic and Employment Development (LEED) programme. The project will identify policy barriers to SME development at the sub-national level in Serbia using a modified version of the SME Policy Index² and will recommend priority areas for reform. The two participating regions in Serbia selected for this project are Banat (in Serbia’s Northern province of Vojvodina) and Zlatibor (in Western Serbia near the city of Uzice). The project is expected to be completed in December 2009 in time for the 7th International SME Conference hosted by the Serbian Ministry of Economy and Regional Development in Belgrade.

The primary goal of the project is to provide Serbian central government and local development agency officials responsible for SME development with recommendations on concrete actions they may undertake to improve coordination of policies and services in support of SME development.

Activities conducted since the start of the project:

- ☑ Modified SME Policy Index distributed to regional development agencies in Banat and Zlatibor regions.
- ☑ Two private sector focus group sessions were organised in the cities of Uzice and Zrenjanin with representatives of the SME community in July. In addition, two focus groups with municipal officials from the Zlatibor and Banat regions were also organised in parallel to the private sector focus groups.
- ☑ Preliminary results from the policy index were presented to the Serbian Ministry of Economy and Regional Development, the regional development agency in Banat, and the regional development agency in Zlatibor in September 2009. Separate meetings with local municipal officials and SME representatives were organised where the results of the preliminary findings were presented.

² The SME Policy Index was developed by the OECD’s Investment Compact for South East Europe and the European Commission to assess the implementation of the European Charter for Small Enterprises in the Western Balkans.

DRAFT

- Draft report has been prepared along with policy recommendations.

Activities to be conducted over next 6 months:

- Send draft report to Serbian Ministry of Economy and Regional Development and two regional development agencies for final comment and vetting.
- Presentation of final report at 7th International SME Conference in Belgrade, Serbia on 1 December 2009.
- Final publication to be released in early 2010.

Working Group on Taxation

The Working Group on Taxation assembles senior tax policy officials of ministries of finance of countries participating in the South East Europe Investment Committee and initiates discussions on tax policy. This Working Group is organised under the Investment Compact for South East Europe (SEE) and is supported by the OECD Centre for Tax Policy and Administration (CTPA), and the Private Sector Development Division of the Directorate for Financial and Enterprise Affairs.

Activities conducted in the last 6 months:

- The second meeting of the group was held in Dubrovnik, Croatia on 16-19 June 2009. Participants reviewed the scores of the tax component of the IRI. Particular emphasis was placed on introducing micro-simulation modelling in tax analysis which uses taxpayer-level data to estimate both total tax revenues and tax revenues collected by different taxpayer groups. A special session was held on sampling issues associated with using actual taxpayer data, and participants engaged in an exercise on creating a corporate tax sample file.
- Members of the tax working group updated and revised their self-assessment scores after the working group meeting.
- The IRI tax chapter was drafted and discussed with the relevant parties in South East Europe.

Activities to be conducted in the next 6 months:

- The third meeting of the Working Group on Taxation to take place in the second quarter of 2010. Representatives from SEE countries will discuss the finalised IRI tax component and the OECD will provide technical assistance on the implementation of tax analysis models.

Working Group on Regulatory Reform

The Working Group on Regulatory Reform assembles senior government officials responsible for regulatory reform, as well as parliamentarians, of countries participating in the South East Europe Investment Committee and initiates discussions on regulatory reform and issues of parliamentary cooperation. This Working Group is organised under the Investment Compact for South East Europe (SEE) and is co-chaired by Serbia.

Activities conducted since May 2008:

DRAFT

- Held Third Regulatory Reform Working Group meeting in Sarajevo on October 2009 in cooperation with the Regional Cooperation Council.
- Summarised outcome of Third Regulatory Reform Working Group meeting and sent it to Working Group members.
- Finalised Investment Reform Index chapter on parliaments, with input from the Working Group members.

Activities to be conducted over next 6 months

- Finalise Investment Reform Index 2009 chapter on Parliaments and circulate it to the Regulatory Reform Working Group members for review.
- Hold fourth Regulatory Reform Working Group meeting in spring 2010 – exact date and topic to be confirmed.

Working Group on Investment Promotion

Representatives of investment promotion agencies from the countries of South East Europe, global carmakers and first tier suppliers, local suppliers as well as the OECD and other international organisations met in Belgrade on 19 June 2009 in the framework of the OECD Sector Competitiveness Project, co-financed by the European Union. Bringing together a working group on the automotive industry in the Western Balkans for the first time marks an important achievement.

The meeting was part of an overall process to improve the quality of the information available on automotive component suppliers of the Western Balkans, and to assess to what extent automotive component suppliers in the Western Balkans have the necessary information material to raise awareness of their capabilities.

Both speakers and participants highlighted that there are clear opportunities for the economies of the Western Balkans to attract investment from carmakers and first tier suppliers and develop business for local second and third tier suppliers.

Activities conducted since April 2009:

- Hold meeting of the Investment Promotion Working Group with a special focus on the automotive industry.
- Include results from the proceedings of the working group meeting in the action plan for the automotive component module of the SSSC project.

Activities to be conducted over next 6 months:

- Organise a Western Balkan Automotive Industry Promotional Conference

DRAFT

Working Group on Human Capital

The OECD Investment Compact organised the 3rd meeting of the Human Capital Working Group for the Western Balkans in Zagreb on 17 September 2009. The event was co-chaired by Croatia's Ministry of Science, Education and Sports, with the financial support from the European Commission. The event focused on specific measures to enhance the competitiveness of the ICT sector in the Western Balkans through human capital development.

The key aims of the Working Group meeting were to:

- share information and insight from across the region, and from the OECD area, on best-practices in selected education and training-related policies and programmes.
- assist in determining where greatest policy value-added could be had from the next, 6 months of work on the project *Sector Specific Competitiveness Project* (i.e. to identify specific analytical products – building on the work performed on the project thus far –that would be of value to the policy community in the Western Balkans).
- assist in determining an appropriate weighting schema for the different sub-dimensions of the human capital assessment contained in the *Investment Reform Index 2009*.

During the Human Capital Working Group, a number of potential avenues for further policy-relevant analysis were identified and discussed with the various stakeholders. These included:

- Statistical tools and methods in the fields of skills gaps, training and internships: Currently little statistical data exists to document the strength of the linkages between the education sector and the labour market. Based on experience in OECD countries, a set of relevant indicators could be defined and methodologies could be adapted for Western Balkan countries.
- Internships: The development of internship programmes in the region was considered a particularly important topic by participants. However, policy initiatives in this field have been limited to date. To propose specific and concrete actions for policymakers in the Western Balkans, some further information needs to be gathered and assessed along the lines of the institutional frameworks operating in each country (for instance, on the inclusion of internships in each country's labour code), and the areas of policy responsibility held by different institutions, and the capacities of the private sector (which will in turn reflect the industrial structure of each country).
- Work-related training: Limited policy action has been taken in the region despite a gap between current practice in the Western Balkans and global best practices. Measures to increase participation among companies and individuals will need to be considered and adapted to the regional context.

Activities for the next 6 months

- In the consultation with the members of the Working Group, the OECD Investment Compact will facilitate an exchange of ideas to define next steps in the *Sector Specific Sources of Competitiveness Project*.
- A meeting will be organized in April 2010 with main stakeholders in the region to present final results of the actions undertaken as a follow-up of the Human Capital working Group.

DRAFT

Croatian Investment Compact Office

The Regional Office in Zagreb works in close collaboration with Investment Compact staff based in Paris and with the Austrian Development Agency (ADA) in Sarajevo. Its main objective is to support the two organisations in their work in Bosnia and Herzegovina (BiH) and Croatia on laying the structural policy foundations for sustained economic growth and development.

Activities conducted since April 2009

- Supported OECD Investment Compact missions in Croatia to undertake interviews for the ICT/BPO, automotive and access to finance for apparel manufacturing portion of the SSSC project.
- Organised preparatory work for the launch of the evaluation phase of the IRI 2009 with key stakeholders in Croatia, including senior government officials and the independent evaluator.
- Assisted in competition of the second phase of the SSSC by arranging meetings and interviews with senior officials and conducted sector evaluations and identification of policy barriers. In addition, liaised with EU evaluator regarding the impact of SSSC project on the Croatian economy in seven specific sectors.
- Facilitated collection of data for the monitoring of the investment-related clauses of the CEFTA Agreement, specifically the review of the restrictions to national treatment in Croatia.
- Supported organization of the WG on Human Capital held in Zagreb on 17 September 2009.
- Attended the review and reconciliation mission for Bosnia-Herzegovina in Sarajevo for the IRI 2009.
- Participated in meeting of the Regulatory Reform Working Group in Sarajevo.

Activities for the next 6 months

- Support the Investment Compact's preparatory work for the RCI.
- Arrange promotional and follow-up activities for the launch of the IRI 2009 in Croatia.
- Assist with the initiation of the third monitoring cycle of the SME Policy Index in Croatia based on the Small Business Act.
- Support preparations for and implementation of next cycle of Working Group meetings in Croatia in 2010.

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Annex

Macro-economic Indicators

Table 1. Real GDP in SEE Countries 2000-2009

Billions US dollars

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009* | Average year-on-year growth rate 2000-2009 |
|------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|---|
| Albania | 2.62 | 2.81 | 3.00 | 3.64 | 4.57 | 4.97 | 5.35 | 6.16 | 7.10 | 5.95 | 8.15 |
| Bosnia and Herzegovina | 5.39 | 5.42 | 6.00 | 7.43 | 8.69 | 9.05 | 9.75 | 11.37 | 12.87 | 11.16 | 7.29 |
| Bulgaria | 13.49 | 13.61 | 14.99 | 18.85 | 22.10 | 23.52 | 25.21 | 29.21 | 34.43 | 33.27 | 9.27 |
| Croatia | 21.32 | 22.00 | 24.57 | 30.28 | 35.10 | 37.07 | 39.57 | 45.41 | 50.54 | 41.92 | 6.69 |
| FYR Macedonia | 3.19 | 2.94 | 3.13 | 3.83 | 4.38 | 4.57 | 4.80 | 5.55 | 6.24 | 5.44 | 5.25 |
| Moldova | 0.46 | 0.47 | 0.48 | 0.50 | 0.61 | 0.64 | 0.64 | 0.72 | 0.90 | 0.73 | 4.37 |
| Montenegro | .. | .. | .. | 1.80 | 2.07 | 2.16 | 2.37 | 2.86 | 3.29 | 2.84 | 6.72 |
| Romania | 37.34 | 29.42 | 27.16 | 28.47 | 31.41 | 36.64 | 41.02 | 50.18 | 51.92 | 39.36 | -0.74 |
| Serbia | 20.00 | 14.05 | 15.10 | 17.30 | 18.49 | 17.09 | 17.93 | 21.94 | 24.25 | 17.89 | -3.05 |

*Estimates

Table 2. GDP per capita (PPP) in SEE Countries 2000-2009

International US dollars

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009* | Average 2000-2009 |
|------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|----------------------|
| Albania | 3863.8 | 4226.7 | 4452.2 | 4780.6 | 4980.6 | 5372.1 | 5820.2 | 6319.4 | 6859.5 | 6915.6 | 5359.1 |
| Bosnia and Herzegovina | 4353.2 | 4598.8 | 4872.6 | 5110.3 | 5497.4 | 5942.4 | 6505.0 | 7081.0 | 7610.7 | 7434.2 | 5900.6 |
| Bulgaria | 6199.9 | 6653.8 | 7120.2 | 7684.2 | 8462.6 | 9322.5 | 10300.5 | 11310.9 | 12341.0 | 12295.9 | 9169.1 |
| Croatia | 10972.3 | 11519.1 | 12341.4 | 13231.7 | 14080.6 | 15123.5 | 16357.9 | 17731.8 | 18544.9 | 18056.9 | 14796.0 |
| FYR Macedonia | 6169.8 | 6012.1 | 6152.3 | 6445.2 | 6870.4 | 7383.6 | 7899.1 | 8561.2 | 9157.2 | 9030.5 | 7368.1 |
| Moldova | 1472.4 | 1603.6 | 1762.4 | 1923.8 | 2126.0 | 2507.9 | 2712.9 | 2897.4 | 3173.6 | 3094.2 | 2327.4 |
| Montenegro | .. | .. | .. | 7061.2 | 7369.1 | 7959.2 | 8909.3 | 10099.0 | 11091.9 | 10897.8 | 9055.4 |
| Romania | 6180.8 | 6708.7 | 7196.5 | 7763.8 | 8707.9 | 9364.0 | 10467.8 | 11455.9 | 12579.7 | 12214.4 | 9263.9 |
| Serbia | 5685.4 | 6157.2 | 6510.8 | 6829.8 | 7617.3 | 8336.7 | 9089.6 | 10019.3 | 10792.0 | 10679.5 | 8171.7 |

*Estimates

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Table 3. FDI flows In SEE Countries 1999-2008
Billions US dollars

| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|------------------------|------|------|------|------|------|------|------|-------|------|-------|
| Albania | 0.05 | 0.14 | 0.21 | 0.14 | 0.18 | 0.32 | 0.26 | 0.31 | 0.64 | 0.46 |
| Bosnia and Herzegovina | 0.09 | 0.15 | 0.12 | 0.27 | 0.38 | 0.71 | 0.58 | 0.71 | 2.02 | 1.20 |
| Bulgaria | 0.80 | 1.00 | 0.80 | 0.88 | 2.07 | 2.88 | 4.00 | 7.33 | 8.15 | 8.01 |
| Croatia | 1.39 | 1.10 | 1.40 | 0.55 | 1.93 | 0.73 | 1.55 | 3.21 | 4.64 | 4.12 |
| FYR Macedonia | 0.03 | 0.18 | 0.44 | 0.11 | 0.12 | 0.32 | 0.09 | 0.42 | 0.32 | 0.42 |
| Moldova | 0.04 | 0.13 | 0.05 | 0.08 | 0.07 | 0.08 | 0.19 | 0.25 | 0.48 | 0.68 |
| Montenegro | .. | .. | 0.01 | 0.08 | 0.04 | 0.06 | 0.48 | 0.59 | 0.72 | 0.79 |
| Romania | 1.03 | 1.05 | 1.15 | 1.08 | 2.16 | 6.37 | 6.59 | 10.96 | 9.82 | 11.06 |
| Serbia | 0.11 | 0.05 | 0.17 | 0.48 | 1.37 | 0.97 | 1.55 | 4.26 | 2.20 | 3.10 |

Table 4. External debt stock in SEE Countries 1999-2008
Billions US dollars

| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Albania | 1.59 | 1.08 | 1.20 | 1.18 | 1.25 | 1.52 | 1.75 | 1.81 | 1.96 | 2.65 |
| Bosnia and Herzegovina | 3.83 | 2.75 | 2.82 | 3.64 | 4.52 | 5.11 | 5.66 | 6.14 | 7.35 | 8.00 |
| Bulgaria | 10.91 | 11.16 | 10.63 | 11.31 | 13.44 | 17.28 | 19.38 | 27.22 | 42.56 | 51.63 |
| Croatia | 10.22 | 11.43 | 12.00 | 15.77 | 24.85 | 31.21 | 30.46 | 38.54 | 48.86 | 55.47 |
| FYR Macedonia | 1.49 | 1.49 | 1.51 | 1.64 | 1.84 | 2.82 | 2.97 | 3.28 | 4.16 | 4.68 |
| Moldova | 1.50 | 1.72 | 1.68 | 1.81 | 1.93 | 1.88 | 2.08 | 2.53 | 3.33 | 4.13 |
| Montenegro | .. | .. | .. | 0.84 | 0.52 | 0.62 | 0.65 | 0.63 | 0.63 | 0.65 |
| Romania | 9.55 | 11.26 | 13.05 | 16.97 | 22.40 | 29.70 | 38.87 | 54.17 | 69.86 | 70.50 |
| Serbia | 10.74 | 10.83 | 11.13 | 11.23 | 13.58 | 14.10 | 15.47 | 19.61 | 26.24 | 30.71 |

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Table 5.
Industrial production in SEE Countries 1999-2008
Year-on-year percentage growth rate

| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|------------------------|-------|------|-------|------|-------|------|------|------|------|------|
| Albania | 15.0 | 11.9 | -19.9 | 10.7 | -21.8 | -5.4 | 3.1* | 3.1* | 3.4* | 4.0* |
| Bosnia and Herzegovina | 10.3 | 9.4 | 12.4 | 9.3 | 4.6 | 13.3 | 5.9 | 7.4 | 9.2 | 7.9 |
| Bulgaria | .. | .. | 2.1 | 4.7 | 13.0 | 12.8 | 6.9 | 6.0 | 9.6 | 0.6 |
| Croatia | -1.2 | 1.5 | 5.9 | 5.0 | 3.3 | 3.2 | 4.6 | 4.1 | 4.9 | 1.2 |
| FYR Macedonia | -2.6 | 3.5 | -3.2 | -5.2 | 4.6 | -1.3 | 7.1 | 3.5 | 3.8 | 5.4 |
| Moldova | -11.6 | 8.0 | 13.6 | 10.7 | 15.8 | 8.2 | 7.0 | -4.9 | -2.6 | 0.7 |
| Montenegro | -7.6 | 3.7 | -0.7 | 0.6 | 2.4 | 13.8 | -1.9 | 1.0 | 0.1 | -2.0 |
| Romania | -2.4 | 30.3 | 4.0 | 0.0 | -0.3 | 2.4 | -2.9 | 9.3 | 10.3 | 2.6 |
| Serbia | -25.6 | 11.4 | 0.1 | 1.8 | -3.0 | 7.1 | 0.8 | 4.7 | 3.7 | 1.1 |

*Estimates

Sources:

International Monetary Fund, World Economic Outlook Database, April 2009; EBRD, Transition Report 2008: Growth in transition; UNECE Statistical Division Database; National Central Banks and Statistical Offices

Notes:

Real GDP

Definition: Gross domestic product at constant market prices Source: IMF Staff Latest actual data: 2007 (except Montenegro, Romania and Serbia)

Albania - Base Year: 1996 Use of chain weighted prices indices: Yes. From 1996. Primary domestic currency: Albanian leks Data last updated: 04/2009

Bosnia and Herzegovina - Base Year: 1999 Use of chain weighted prices indices: No Primary domestic currency: Convertible marka Data last updated: 03/2009

Bulgaria - Base Year: 2001 Use of chain weighted prices indices: Yes. From 2000. Primary domestic currency: Bulgarian leva Data last updated: 04/2009

Croatia - Base Year: 2000 Use of chain weighted prices indices: No. Notes: National account statistics for 1995-2008 were revised in 2009. Under the new ESA95 methodology, revised data include estimates for the "gray economy," imputed dwelling rates, and financial intermediation services directly measured (FISIM). Primary domestic currency: Croatian kunas Data last updated: 04/2009

Macedonia - Base Year: 1997 Use of chain weighted prices indices: No Primary domestic currency: Macedonia denars Data last updated: 04/2009

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Moldova - Base Year: 1995 Use of chain weighted prices indices: No Primary domestic currency: Moldovan lei Data last updated: 04/2009

Montenegro - Source: National Statistical Office Latest actual data: 2007 Base Year: 2004 Use of chain weighted prices indices: No Primary domestic currency: euro Data last updated: 04/2009

Romania - Source: National Statistical Office. Source provides previous year volume indices. Staff calculate real GDP based on chain-linked GDP deflators. Latest actual data: 2008. Preliminary. Base Year: 2000 Use of chain weighted prices indices: Yes Primary domestic currency: Romanian lei Data last updated: 04/2009

Serbia - Source: National Statistical Office. Serbian Statistics Office. Latest actual data: 2007 Base Year: 2002 Use of chain weighted prices indices: No Primary domestic currency: Serbian dinars Data last updated: 04/2009

External Debt Stock

Bosnia and Herzegovina: Rescheduling agreements with the Paris and London Clubs in 1998-99 resulted in a substantial reduction of total external debt.

Croatia: Change in reporting methodology from 2007 onwards.

Industrial Production

IPI covers production output in mining, manufacturing and public utilities (electricity, gas and water), but excludes construction. Growth rates (per cent) are over the preceding period
Bosnia and Herzegovina: Geographical Coverage: Refers to the Federation of Bosnia and Herzegovina only.

Republic of Moldova: Geographical Coverage: excludes Transnistria since 1993.

Serbia: Geographical Coverage: Excludes Kosovo and Metohia from 1999.