

## **Summary of World Bank Strategy and Support for South East Europe**

The World Bank has an active program to fight poverty and promote equitable and sustainable development in South Eastern Europe (SEE)<sup>1</sup>. Country assistance programs are driven by individual country needs, which are shaped to a large extent by the common legacy of the previous non-market system and the common ambition of a European future. The regional context created by these commonalities – as well as by a shared history, many similar socio-economic characteristics, and geography – provides both opportunities and challenges for our development effectiveness. Seizing these opportunities and meeting these challenges require a coordinated approach across countries – and, therefore, a ‘regional’ approach. This need for a strong SEE focus has been clearly recognized by the international community, especially since the Kosovo crisis in 1999. To this end the World Bank, in close coordination with South East Europe member states and other partners in the international community, are an active member of a number of regional groupings and donor coordination mechanisms, including the Stability Pact for South Eastern Europe. Moreover, the EU integration process is a strong factor harmonizing actions and activities across the region. In this regard the World Bank pays special attention to coordinating its assistance with that provided by the European Commission.

Common challenges faced by the region are poverty, unemployment, social cohesion and governance. With the exception of Croatia all countries are characterized by low incomes and high incidence of poverty in comparison not only to the poorest countries to join the EU in the past, but also to the countries in the next wave of accession. Even taking into account the existence of large informal labor markets, recorded unemployment is exceptionally high in all countries except Romania, and affects especially youth and minorities. Social cohesion is being rebuilt in the region. Past conflicts have cast against each other not only countries and communities, but also citizens within a community and repairing the damage to mutual trust is very much work in progress. There have been a number of encouraging developments in building peace and stability; but troubling symptoms, especially in regard to discrimination and trafficking of human beings still persist. These governance problems reflect weak institutions at the central and local level, low levels of transparency and accountability, widespread corruption, weak rule of law, inconsistent protection of human and minority rights, and still limited and politicized civil society affect to some degree all SEE countries.

In its assistance to the SEE countries the World Bank focuses on helping governments in their efforts to promote macroeconomic stability, private sector and human and social development and strengthening governance, not only at all levels of government but also in the corporate sector. In terms of regional activities the World Bank along with other donors focuses on activities where cross-border externalities and economies of scale can be derived, along with issues of cross-border “scaling-up”, that is, activities where benefits accrue when one country is willing to learn from another’s experiences, and can reduce preparation and implementation costs, or increase the effectiveness of

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<sup>1</sup> Defined as comprising seven countries: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, FYR Macedonia, Romania, and Serbia and Montenegro.

interventions as a result. In this regard the World Bank is involved in supporting a number of regional initiatives including: trade and transport facilitation, a regional free trade area and energy market and the poverty reduction forum for South East Europe. In terms of “scaling-up” the World Bank is helping pilot a number of programs where one country can benefit from the experience of others in such areas as conflict prevention and community development, cadastre and property right systems, strengthening the investment and the business environment, and in water and environment management.

The World Bank is committed to continuing to continue to work with all its regional and international partners in adapting and, as necessary, modifying its assistance to SEE in an effort to promote stability, along with equitable growth and development.