

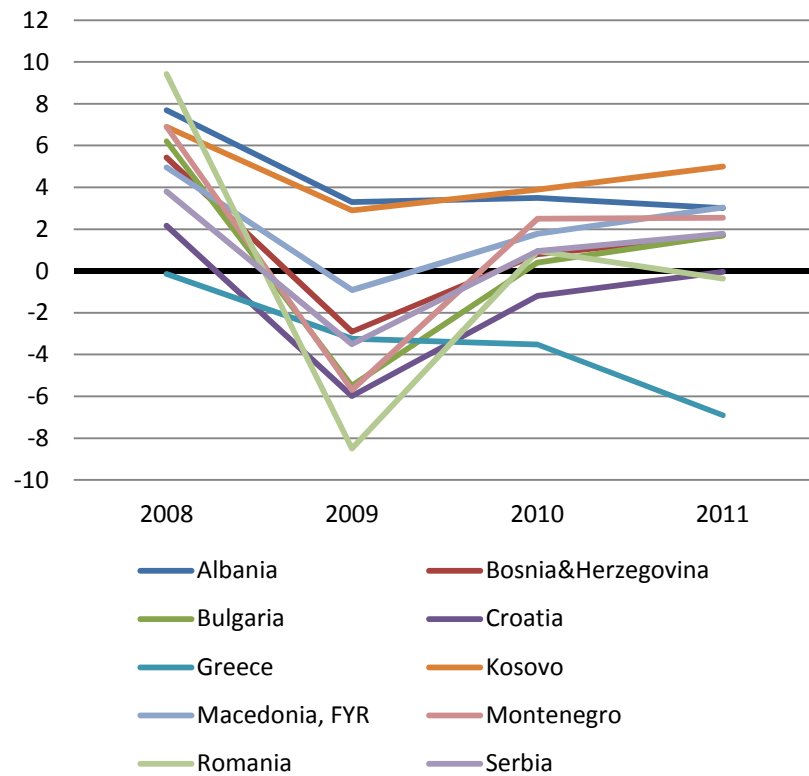
BANK FINANCING BOOTSTRAP ENTREPRENEURSHIP

Saved by the banks? Growth challenges and
investment initiatives in the Balkans

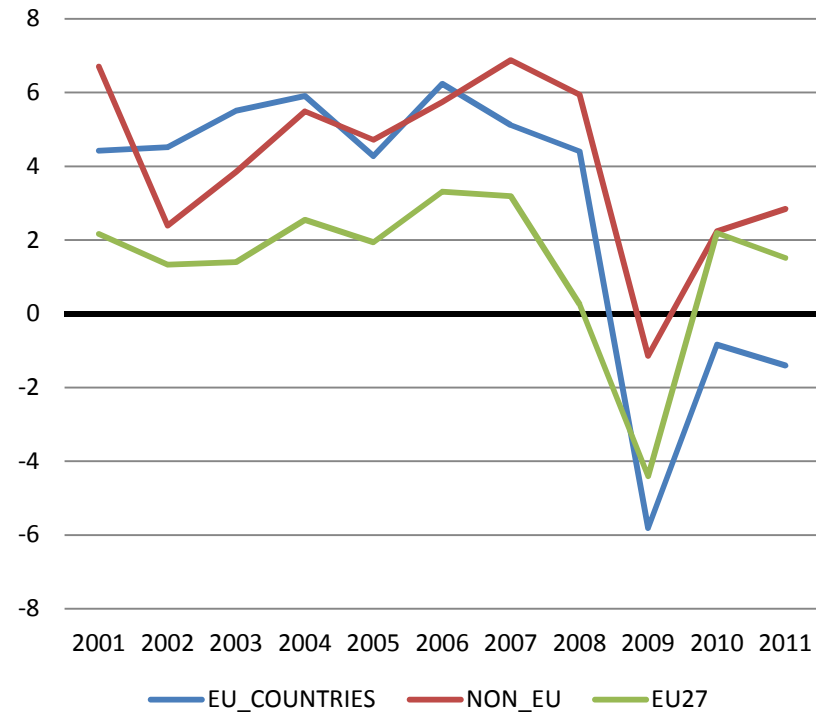
Ivo Bićanić and Dora Tuđa
Faculty of Business and Economics
University of Zagreb

November, 2012

Real GDP growth rates (2000 constant prices), 2008.-2011.



Average real GDP growth rates (2000 constant prices), 2001.-2011.



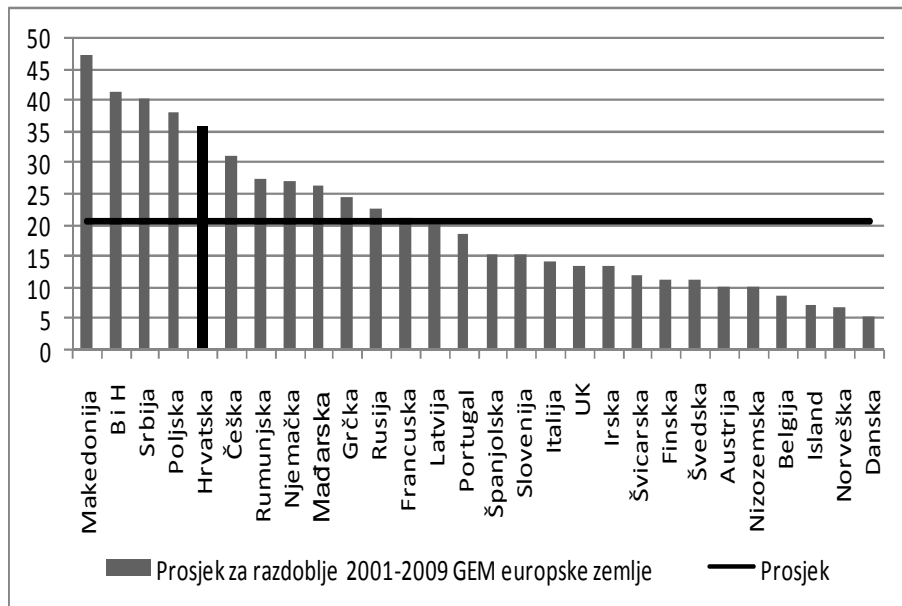
Source: World Bank Database

Four features

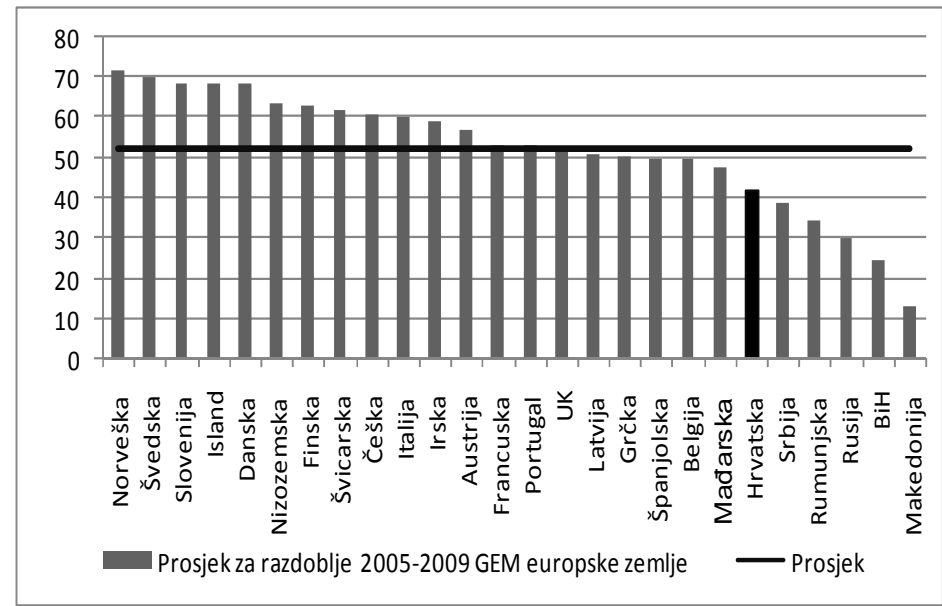
1. The Linda Evangelista syndorm and ureasonable expectations
2. The entreprenurial deficit and preferance for state jobs
3. Inward looking optics and closed liberalization
4. Gerschenkron dissapointed and increased latecommer hurdles

Entrepreneurial deficit

TEA NECESSITY



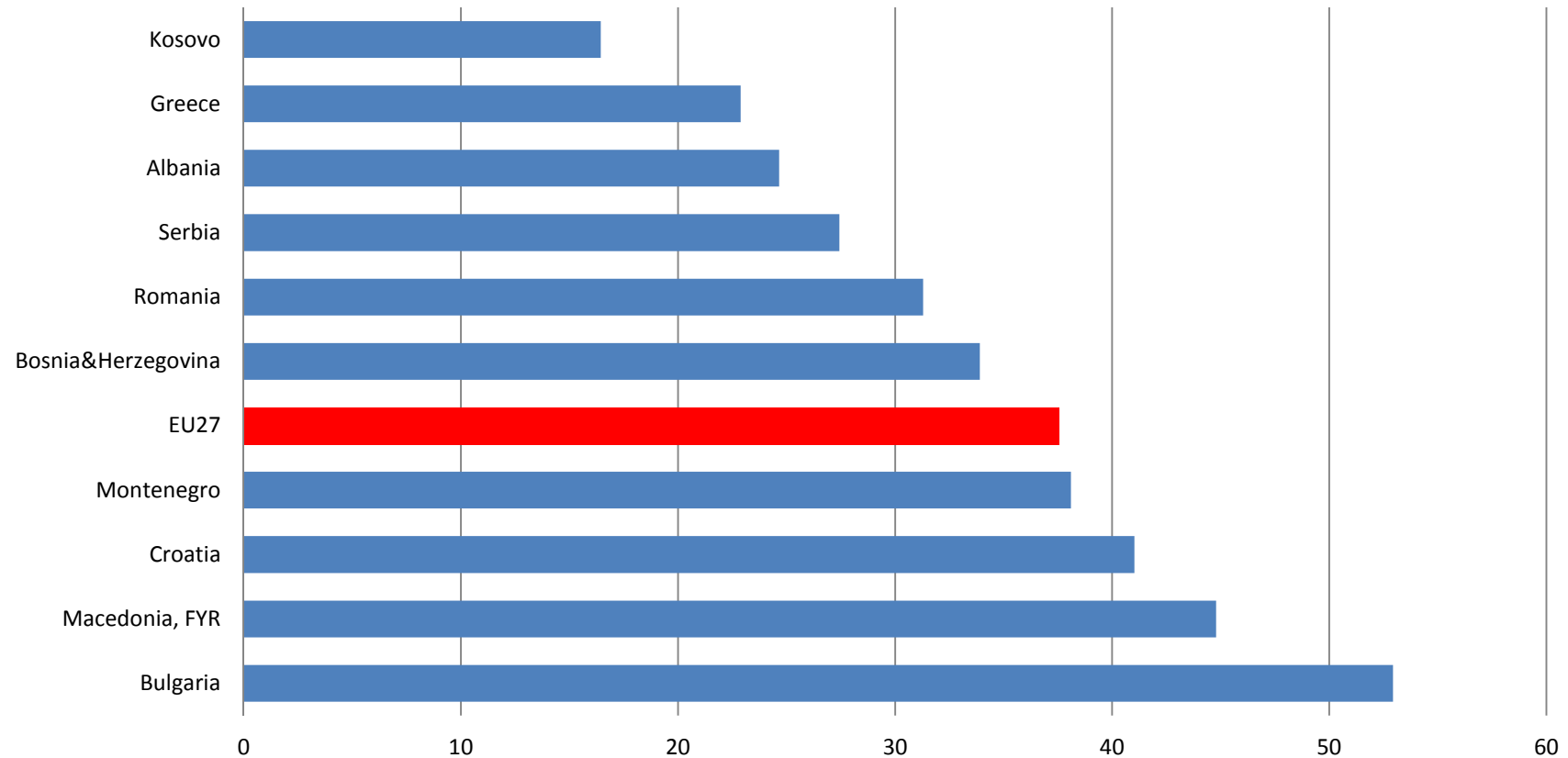
TEA OPPORTUNITY



Source: Šošić et al (2012)

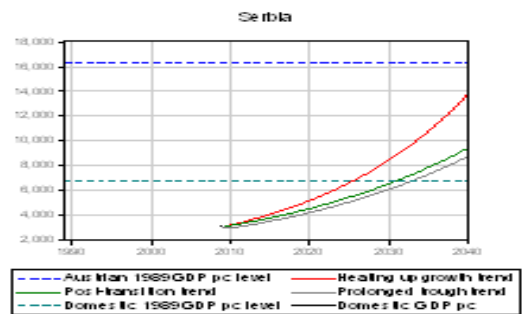
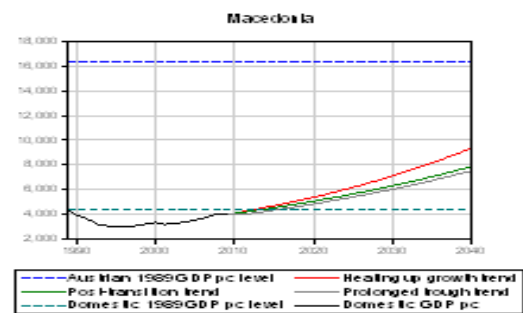
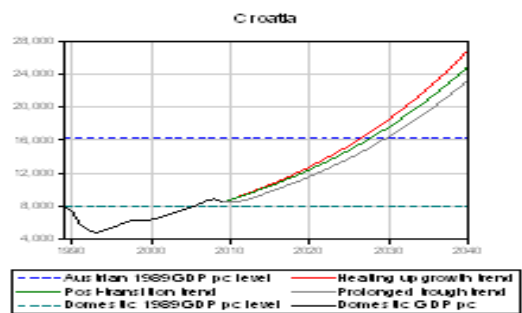
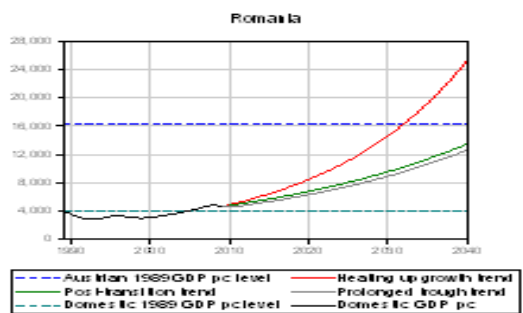
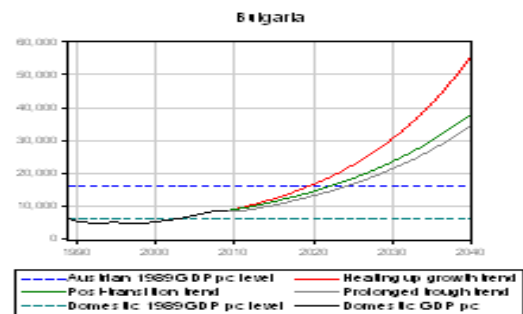
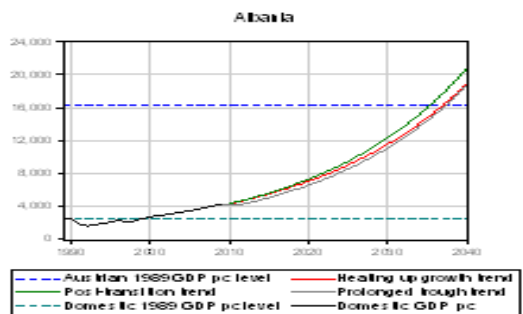
Inward looking optics

Average exports (% GDP, 2000.-2011.)*



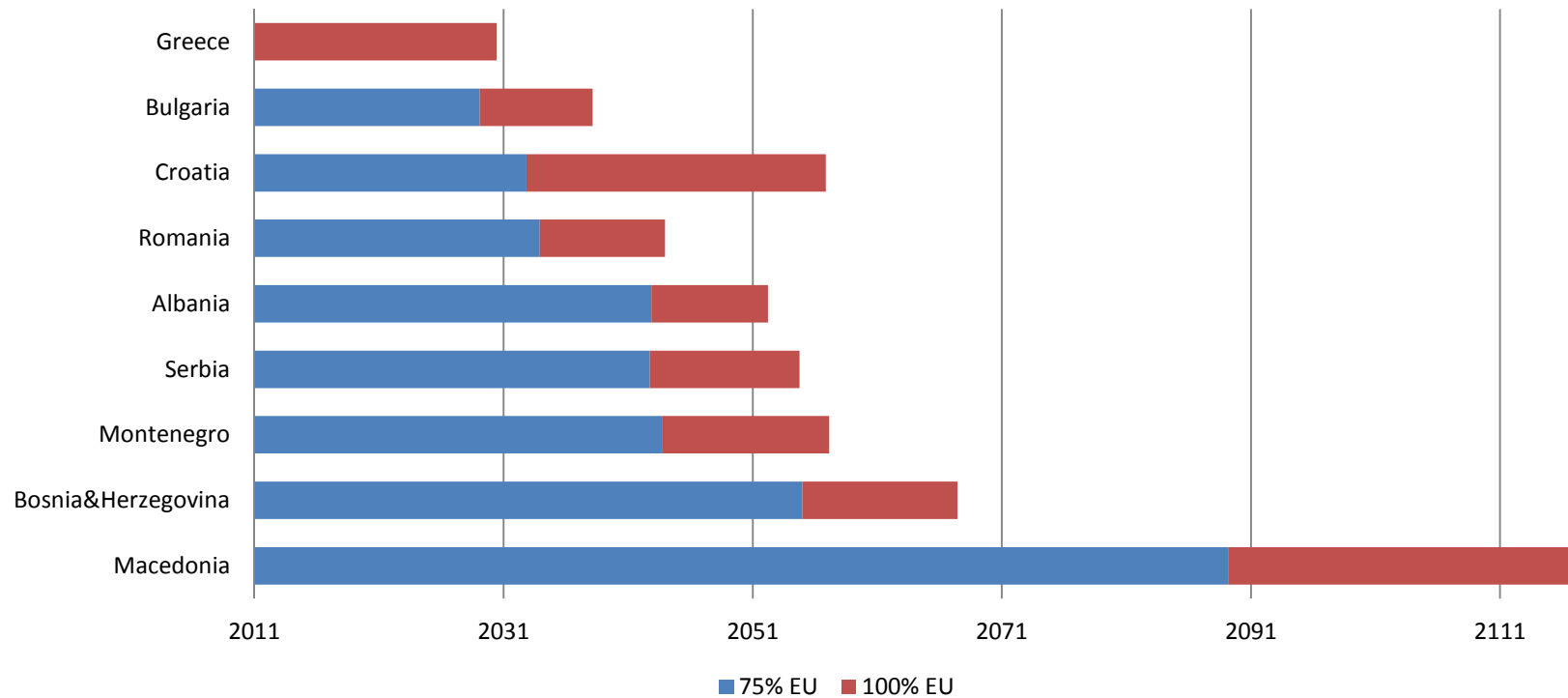
* Kosovo 2006-2011

Source: World Bank Database



Convergence horizons

Convergence horizon, average GDPpc growth rates*

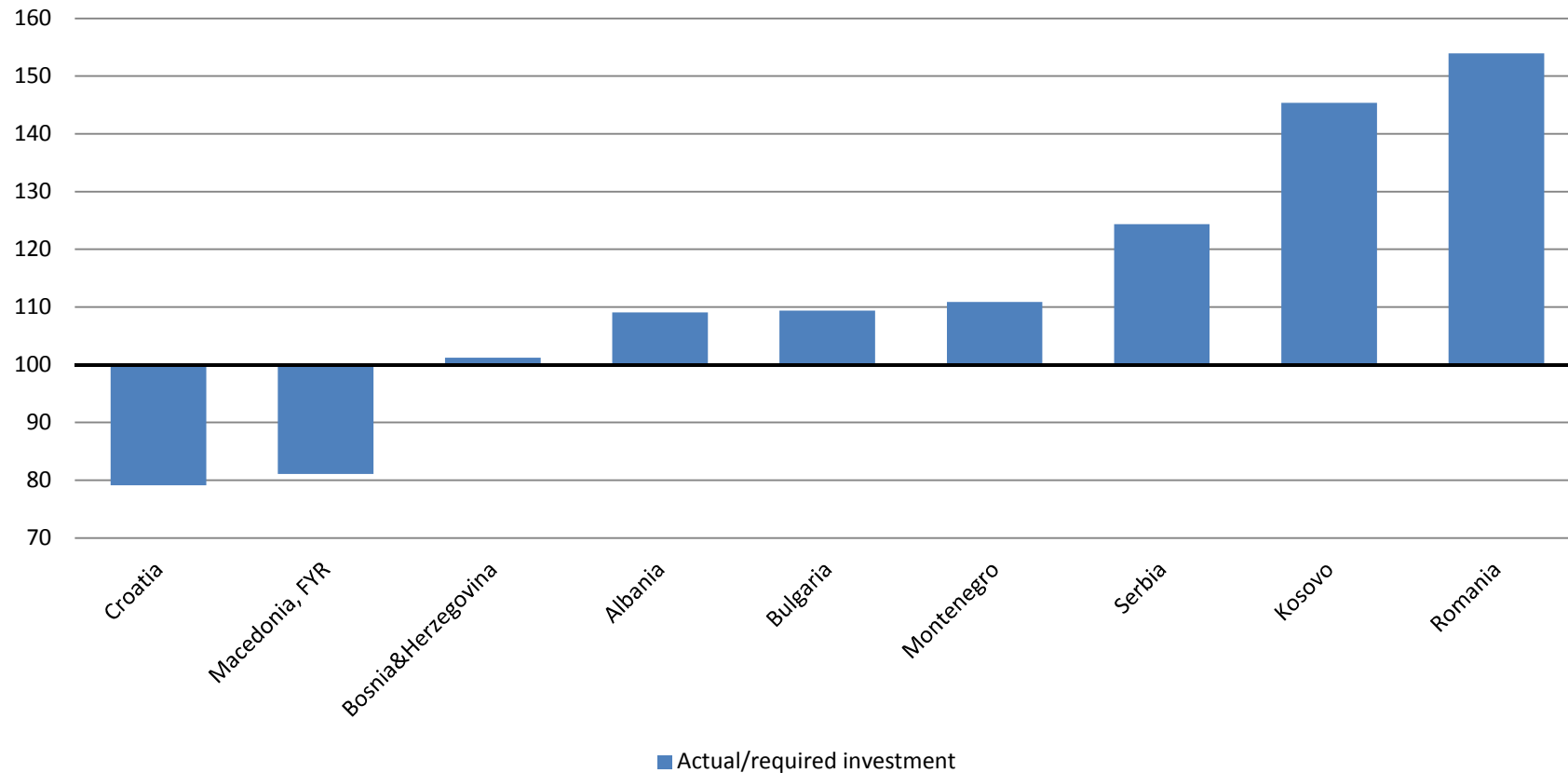


* Estimated catching-up time based on average GDP per capita growth rates (2005 constant prices, PPP) 2000.-2011.

Source: Authors' calculations from WB Database

Required investment and growth

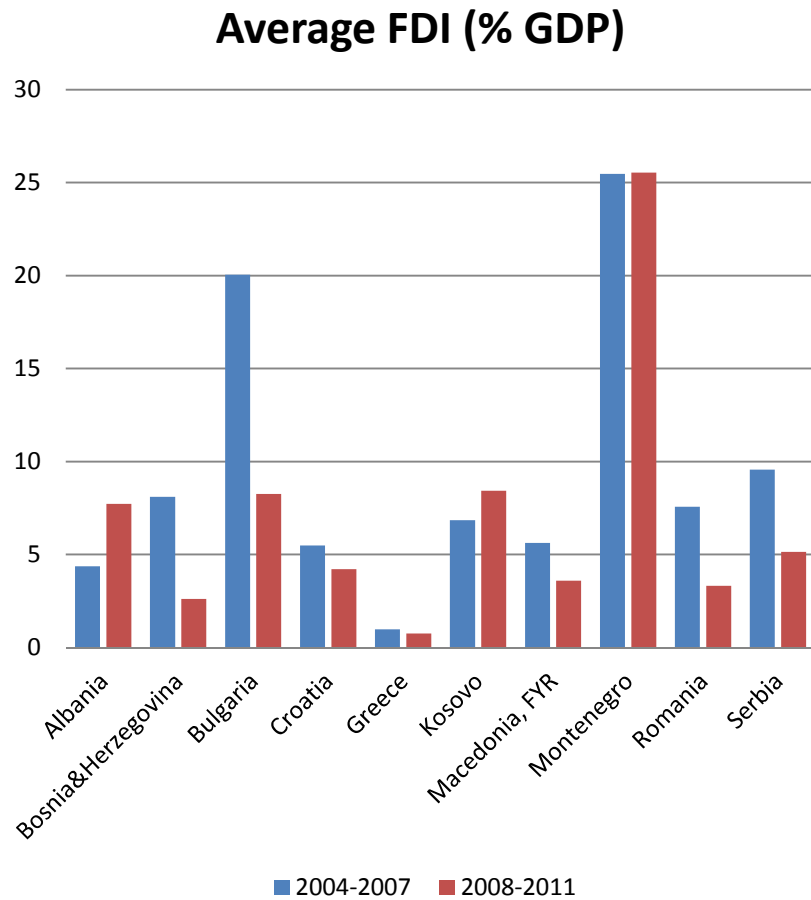
Actual/required domestic investment, 2011.*



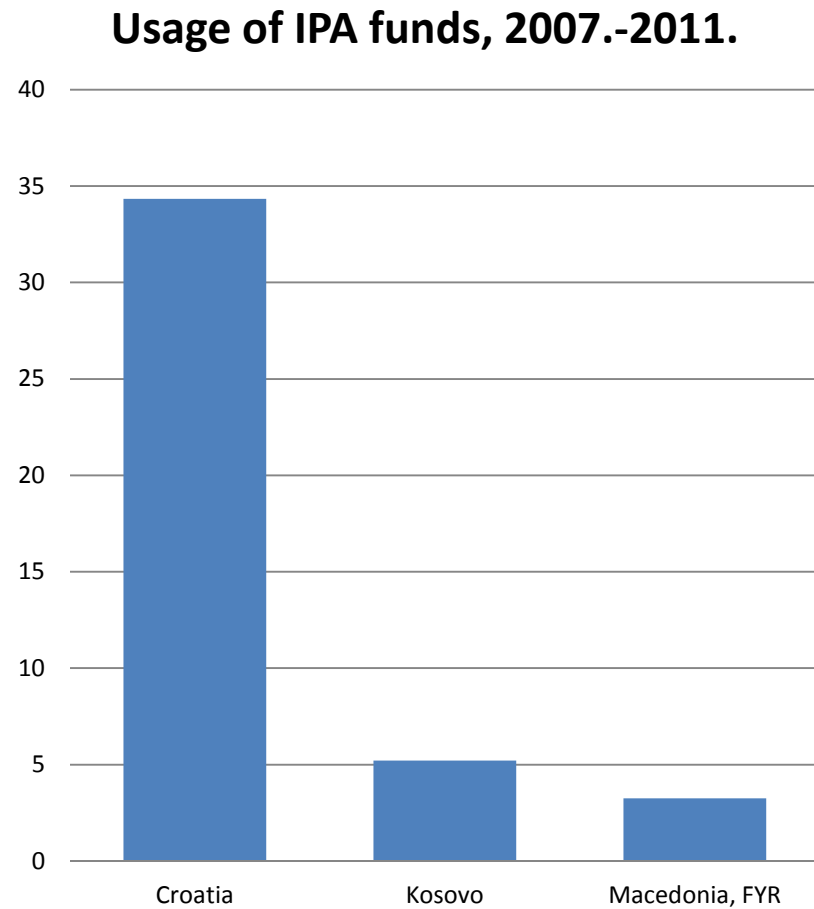
* 100=4% real GDP growth rates, based on national ICOR and 6% capital amortization

Source: Authors' calculations from WB Database

Mannas from heaven



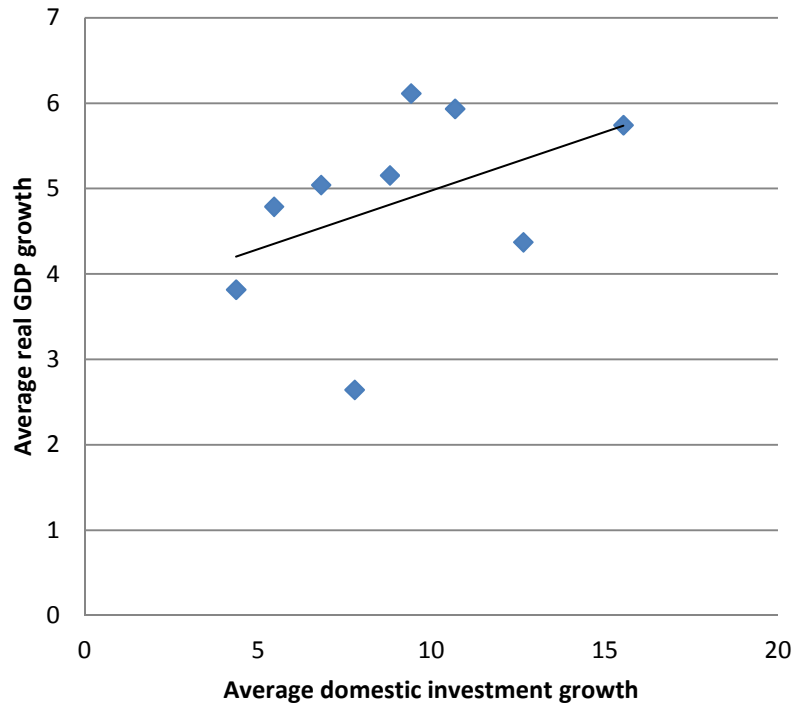
Source: World Bank Database



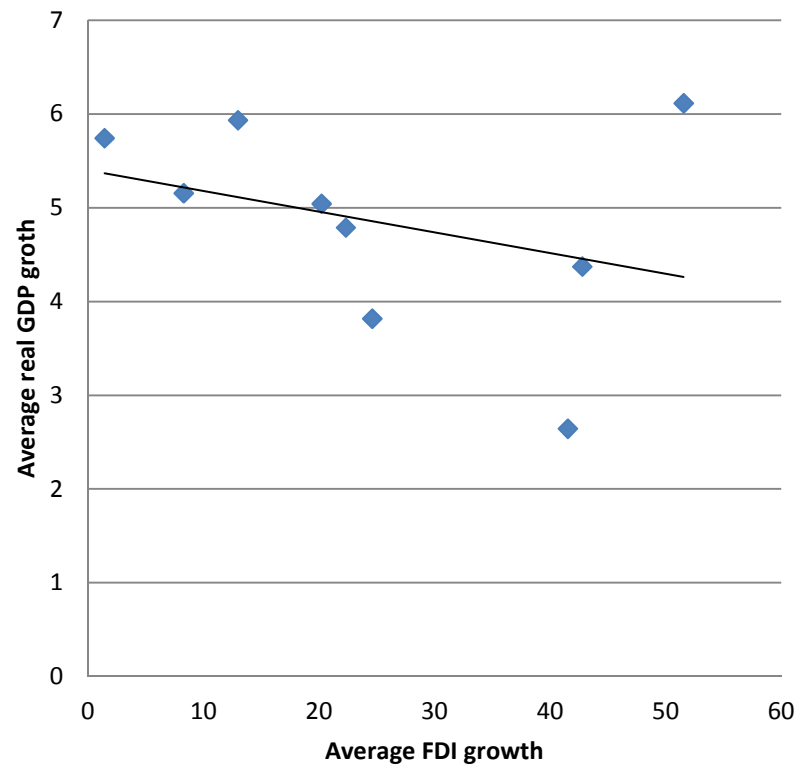
Source: European Commission

The FDI manna track record

Average domestic investment growth vs average real GDP growth, 2001.-2011.*



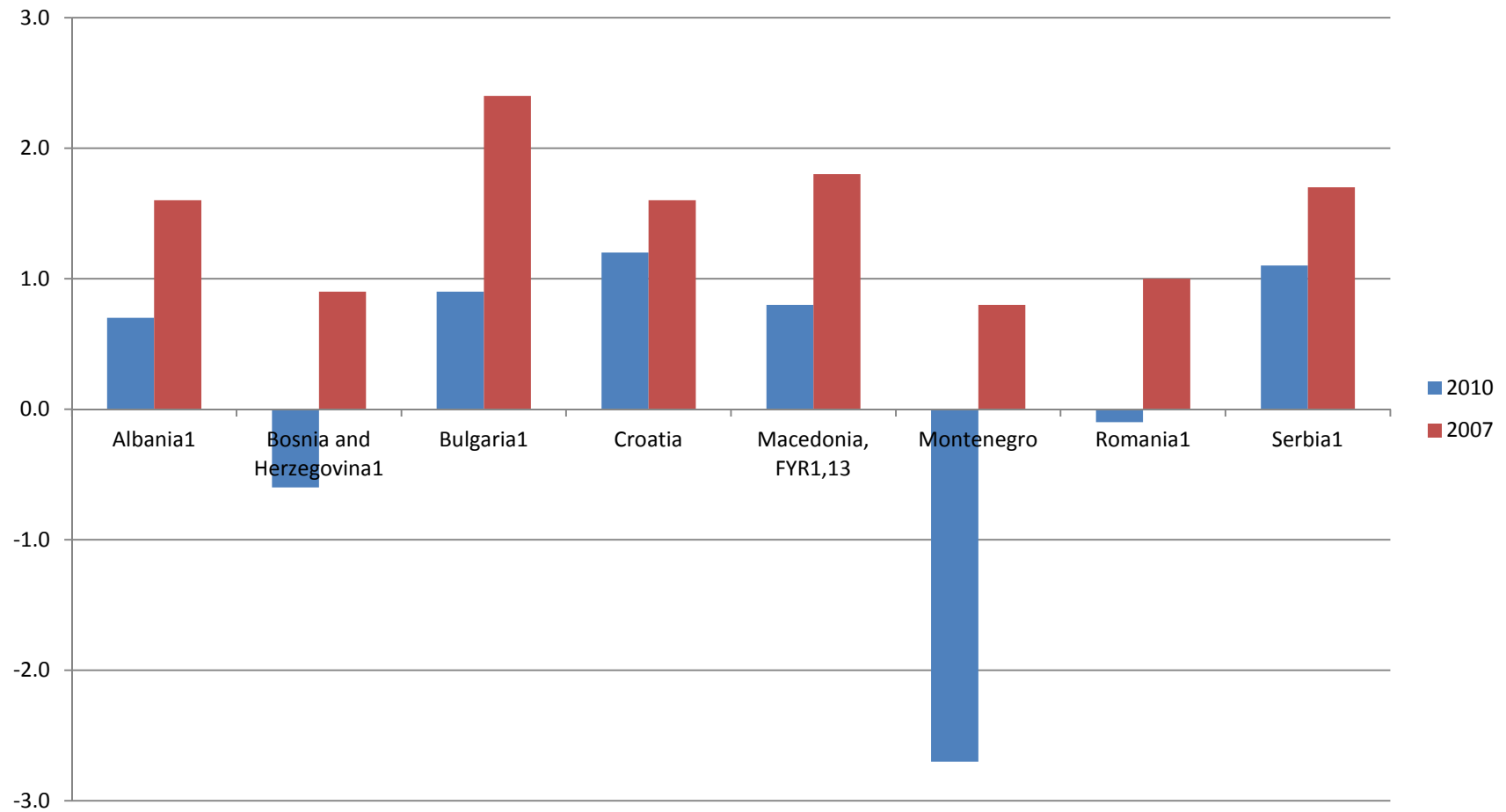
Average FDI growth vs average real GDP growth, 2001.-2011.*



Source: Authors' calculations from WB Database

Soundness of banks

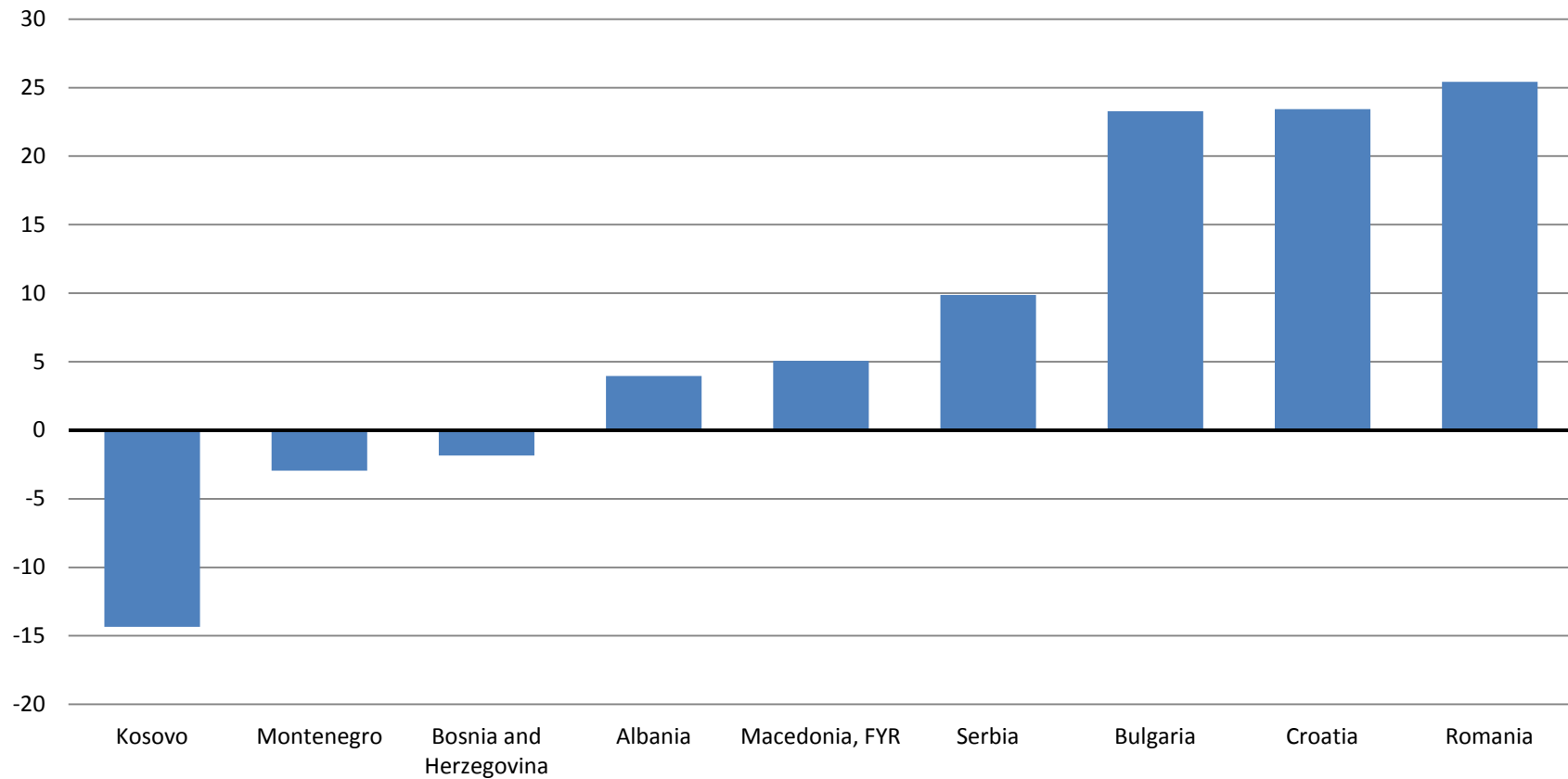
Banks return on assets



Source: Kraft, E.: Banking in Southeast Europe

Soundness of banks

Gross domestic savings (% GDP), 2011.



Source: World Bank Database