

# Index

---

Titles of publications are in *italics*.

- accession countries
  - benefits of EU entry 191–3
  - ERM II xiii, xv–xxvii, 149–57, 162–71, 176–85, 188, 202, 245, 295, 298
  - euro adoption 147–57, 233–43, 295–6, 201
  - and excessive deficit criterion 236–9
  - financial systems 199–202
  - institutional needs 70–75
  - see also* Central and Eastern European Countries; individual countries
- accountability xvi, 14, 16, 18, 19, 21, 43, 46, 47, 49–51, 61, 64, 70, 71, 74, 81, 200, 204
- Africa Capacity Building Initiative 50
- Agreement on Social Policy 286–7
- Amsterdam Treaty and social policy 287
- appropriate central parity, ERM II 165–7
- asset recovery, CEE countries 210
- asymmetric shocks and EU accession 185–7
- Austria
  - investment in CEE region 199
  - and monetary union 169–71
- Austrian banks xii, xxi, 199, 224
- automobile industry, FDI
  - Czech Republic 105
  - and intra-industry trade 122–3
- backward induction and fiscal policy model 252
- balanced budget rule 240–42
- Balassa–Samuelson effects and EMU 296–9
- Bancorex collapse 218
- Bank of England 173
- bank recapitalization 203–16
- banking sector
  - privatization xi, xxi, 70–72, 97, 99, 100, 104, 110, 128, 199, 204, 207, 209–13, 224, 228
  - reform 27
  - Romania 217–28
- Barisitz, S. xv–xxiii, 217–30
- Bologna process 13
- Bonello, M.C. xx, 176, 181, 185
- borrower capacity enhancement 44–7
- Brazil, monetary policy 148
- Breuss, F. xxiii, 170, 293–303
- budgetary institutions, accession economies 154
- business model for capacity enhancement, World Bank 49–55
- Canada, home-country bias 130
- capacity building 27–9, 40–42, 43–7
  - IMF model 75–80
  - institutions 67–83
  - WTO partnerships 30–33, 37–9
- capital account liberalization 262–3
- car industry, *see* automobile industry
- catching-up process xvii, 97–124, 127–42, 190, 193, 301
- CBA, *see* currency board arrangement
- CDF/PRSP (Comprehensive Development Framework/Poverty Reduction Strategy) 44–5
- CEE-4, fiscal adjustments 153–5
- CEFTA, Croatian trade with 140–42
- Central and Eastern European countries (CEE)
  - financial governance 199–202
  - fiscal cost of state banks 203–16
  - fiscal discipline for EU entry 233–43

- intra-industry trade with EU
  - 110–14, 119–24
  - trade bias 128–9
  - see also* accession countries
- central rate (ERM II) xx, 164, 177, 178, 180, 182
- centralization 9–16
- Christl, J. xi–xiii, xxi, 199–202
- collective bargaining and training 90
- compliance with EU directives xxiii
- Comprehensive Development Framework (CDF) 44–5, 57
- consolidation, Romanian banking sector 223–4
- contract enforcement xxii, 142–3, 228
- convergence xiii, xxi, xxii, xxv, 4, 114, 119, 129, 131, 149, 150–53, 162–4, 167–8, 171, 184, 186, 190, 191, 202, 233, 234, 239, 245–6, 257, 295–6
- Coricelli, F. xxii, 233–44
- corporate governance, accession countries 200
- corruption xxii, 6, 71–5, 81, 200, 228
- Council for Mutual Economic Assistance (CMEA) 128–9
- Country Program Brief (CPB) 52
- credibility xviii, xxi, xxvii, 70, 149, 165, 170, 177, 179–81, 184, 188, 201, 298
- credit increase, Romania 221
- Croatia
  - financial sector xxii
  - trade potential 134–42
  - transition, effect on trade 132–4
- current account deficit, Romania 223
- currency board arrangement 177–9
- currencies as shock absorbers xx
- cyclical stance, emerging countries 236
- Cyprus
  - exchange rate modification and ERM II entry 180
  - interest rates and ERM II 182–3
- Czech Republic
  - capacity building assistance 40–41 and ERM II membership 153–5, 177
  - FDI 97–108
  - interest rates and ERM II 181–2
- Czyżewski, A. xix, 176, 178, 186, 187
- decision-making and draft treaty 18–19
- Dědek, O. xix–xx, 176, 177, 178, 179, 181–2
- deepening of EU 10–16
  - effect of enlargement 16–20
- defence policy integration 13, 14, 294–5
- Delors, J. 279, 280
- demand shock, EU accession 192
- demand-side capacity building 44–7
- democratic accountability 21
  - and draft treaty 19
- Deutsche Mark peg of Austrian Schilling 169–70
- distance, effect on trade 116, 118
- Djablik, M. xviii, 110–26
- draft treaty 18–20
- eastward enlargement xvi
- EBRD (European Bank for Reconstruction and Development)
  - xvi, 6, 27, 28, 30, 70–72, 100, 193, 220, 224
- ECB (European Central Bank) and monetary integration 189–91
- economic growth, role of human capital 86
- Economic and Monetary Union (EMU) 162–3
  - and future integration 282
  - and political union 280–81, 293–302
  - see also* euro; monetary union
- economic policy adjustment and ERM II entry 183–5
- economic public goods, centralization 10–11
- economic recovery, Romania 219–23
- economic shocks xxii, 187, 246
- education
  - centralization 13
  - investment 28, 90–92
  - policy, OECD 86, 88–92
- Education at a Glance 2003* 90
- EEC Treaty and social policies 284–7
- Eichengreen, B. xviii–xix, 147–60, 176, 187–8, 295
- electronics industry, Czech Republic, FDI 105
- EMU, *see* Economic and Monetary Union

- enlarged euro area xxii
- enlargement of EU 16–20
  - benefits 190–93
  - fiscal rules 236–42
  - and integration 294–5
  - and political advantage 299, 301–2
- equilibrium exchange rate 167–9
- ERM xviii, 151, 158, 160, 169, 172, 298
- ERM II 150–53, 163–5, 171–2, 176–88
  - asymmetric shocks 185, 186, 248, 250
  - benefits and risks 184
  - duration of stay 176
  - fluctuation bands xx, 177, 178, 182, 295
  - timing of entry 165, 181, 202
- ESF (European Social Fund) 288–9
- Estonia, ERM II entry 177, 184
- EU, *see* European Union
- euro
  - adoption by accession countries 147–57, 233–43, 295–6, 201
  - area xxi, xxii, xxvii
  - see also* monetary union
- euroization xviii, 155, 295
- European Bank for Reconstruction and Development (EBRD), transition indicators 70
- European Central Bank (ECB) and monetary integration 189–91
- European Commission 14, 16
  - and draft treaty 18–19
- European identity 17–18, 193
- European integration, *see* integration
- European Parliament 16
- European political and institutional integration 22, 189, 193
- European Social Fund (ESF) 288–9
- European Union (EU)
  - accession and asymmetric shocks 185–6
  - intra-industry trade with CEECs 110–24
  - member countries
    - benefits of enlargement 190–93
    - reluctance towards euro expansion 149–50
  - political union 279–83
  - and social policy 284–90
- excessive deficit criterion, accession countries 236–9
- exchange rate
  - bands, *see* fluctuation bands
  - equilibrium 167–9
  - flexibility xix, 4, 9, 52, 61, 148, 149, 159, 162, 164, 177, 182, 183, 187, 201, 238, 255
  - mechanism xix, 155, 162, 163, 171, 176, 178, 181, 187, 201, 243, 258, 263; *see also* ERM II peg, Austria-Germany 169–70
  - regimes and ERM II entry 177–81
  - stability 187
  - theory 165–7
- executive powers, EU 14, 16
- expenditure, effect on academic performance 90–92
- external security, centralization 13, 14
- factor intensity, manufacturing firms, Czech Republic 106–8
- Falkner, G. xxiii, 284–92
- FDI, *see* foreign direct investment
- Fidrmuc, J. xviii, 110–26, 131
- finalité politique* xxiii, 279–83
- finance for training, OECD 88–9
- financial integration measures 10–11, 261–4
- financial intermediation xxii, 199, 227
- financial market regulation xvii
- Financial Sector Assessment Programme (FSAP) 79
- financial sector transformation 6, 72, 75, 213
- financial services regulations 263–4
- Financial Stability Institute (FSI) 41–2
- Financial System Stability Assessment (FSSA) 79
- fiscal consolidation xix, xx, 153, 154, 156, 183, 192, 246
- fiscal cost of state banks to CEE economies 203–16
- fiscal discipline for accession countries 233–43
  - IMF role 6
  - need for xii, xxvii–xxviii
- fiscal federalism 9–10
- fiscal imbalances xv, 5

- fiscal policy  
 accession countries 200–201  
 and ERM II 182–3  
 and monetary union 153–7, 233–4, 245–58  
 rules xxi, xxviii, 201
- fiscal restraints, effect on inflation 255–7
- flexible integration 294–5
- floating exchange rates 148
- fluctuation bands 148–9  
 ERM II 178
- FNI (Fondul Național de Investiții), Romania 219
- foreign affairs, centralization 14
- foreign currency loans, Romania 221, 223
- foreign direct investment (FDI)  
 Czech Republic 97–108  
 and intra-industry trade, CEECs 121–3
- foreign exchange intervention 164, 178, 181, 182
- foreign ownership, Romanian banking assets 224
- foreign policy and security cooperation 13, 20
- foreign skilled workers 92–3
- FSAP (Financial Sector Assessment Programme) 79
- FSI (Financial Stability Institute) 41–2
- FSI Connect 41–2
- FSSA (Financial System Stability Assessment) 79
- Gaspari, M. xx, 176, 180, 182
- GDP, impact of recapitalization costs 215
- gender equality, EC policies 288
- globalization xvi, 4, 5, 7, 168, 260
- government debt and state banks, CEECs 212–13
- government investment incentives xviii
- gravity model, trade flows 137–40
- growth  
 benefits of EU accession 191–3  
 and foreign enterprises 102–6
- harmonization of capacity  
 enhancement practices 57
- health and safety provision, EC policies 286, 288
- higher education, centralization 13
- home-country bias 129–31
- human capital investment 85–94  
 Czech Republic 40–41  
*see also* education; training
- Hungary  
 and ERM II membership 153–6, 177, 184  
 state bank recapitalization 212
- IMF, *see* International Monetary Fund
- immigration, skilled workers 92–3
- Individual Learning Accounts 89
- individual level, capacity building 76
- industry growth and foreign enterprises 102–6
- inflation and monetary union 246–58
- inflation targeting xix, 177, 178, 253
- infrastructure xvi, 4, 20, 40, 44, 46, 50, 57, 70, 82, 106, 129, 205
- institutions  
 capacity building 75–83  
 role of 68–70  
 transition economies 70–75
- integration 10–16  
 citizen support for 193  
 effect of enlargement 294–5  
 monetary, *see* monetary union  
 and political union 279–83
- interest rate policy and ERM II 181–3
- internal market 4, 191, 192
- internal security, centralization 12–13, 14
- International Country Risk Guide 71
- International Monetary Fund (IMF)  
 capacity building model 75–80  
 role in Europe 6–7
- international risk sharing in Europe 260–73
- international standards, role of IMF 6
- intra-industry trade xviii, 111, 112, 114, 116, 117, 118, 119, 120–25
- investment in education, effect on performance 90–92
- IS–LM–BP 148
- Iraq war 14, 53

- Joint Vienna Institute (JVI) xxv–xxvi,  
41, 67, 80–82, 83  
capacity building partnerships  
30–31, 55  
and Ukraine 37, 39  
judiciary systems xvi
- knowledge adaptation, World Bank  
initiatives 53
- Kohútiková, E. 176, 184–5, 186, 187
- Köhler, H. xv–xvi, 3–7
- labour market  
centralization 11  
institutions xvi, 11  
mobility 92–3, 190  
and EU enlargement xii
- Latvia  
and ERM II 183  
EU accession and asymmetric shock  
186, 187
- leadership development, World Bank  
initiatives 53
- leading indicator xxiii, 294, 295,  
299–301
- Léautier, F.A. xvii, 43–66
- Lemierre, J. xvi, 27–9
- liberalization of capital accounts 262–3
- lifelong learning xvii, 86, 89
- LICUS (Low Income Countries Under  
Stress), capacity enhancement 51
- Liebscher, K. xi–xiii, xv, xxv–xxviii
- Lithuania  
and ERM II 179–80  
EU accession and asymmetric shock  
186, 187
- loans for capacity enhancement 48
- Low Income Countries Under Stress,  
capacity enhancement 51
- Maastricht Treaty  
convergence criteria xxi, 150–53,  
162, 163, 190, 246, 295, 296  
exchange rate criterion 151, 178,  
181, 182  
fiscal criteria 245–6  
social policies 286
- Malta, ERM II entry 181, 185
- Member States with a derogation  
162–3
- middle-income countries, capacity  
enhancement 50
- migration, skilled workers 92–3
- Millennium Development Goals 44
- monetary integration xiii, xxi, xxvii,  
xxviii, 162, 163, 167, 170, 171,  
189, 190, 245, 294, 295
- monetary options, accession countries  
147–50
- monetary union xii–xiii, xxvii, 10–11,  
161–72  
and accession countries 147–57,  
201–2, 295–6  
and fiscal policy 233–43, 246–58  
and political union 281  
*see also* Economic and Monetary  
Union
- Monnet, J. 8, 13
- Mooslechner, P. xi–xiii, xix,  
161–75
- Moser, G. xxii–xxiii, 260–75
- narrow band ERM 148–9; *see also*  
ERM II
- national currency and asymmetric  
shocks 186–7
- national feeling of citizens 17–18
- national preferences xvi
- National Investment Fund (FNI),  
Romania 219
- Nice Treaty and social policy 287
- non-economic public goods,  
centralization 12–14
- non-performing loans (NPL), state  
bank costs 207
- Nsouli, S.M. xvii, 67–84
- Observance of Standards and Codes,  
Report on the (ROSC) 79
- OECD countries, human capital  
investment 85–94
- Oesterreichische Nationalbank  
(OeNB) xi, xv, xix, xx, xxi, xxii,  
xxv, xxvi
- Onorante, L. xxii, 245–59
- Operational Policy Review and  
Dissemination (OPCPD) 58–9
- optimal role of the state xxi
- organization level, capacity building  
76, 78

- Overseas Development Assistance (ODA) 60
- PISA study 90
- Pointner, W. xxii–xxiii, 260–75
- Poland  
and ERM II membership 153–5, 177  
recapitalization of state banks 205–6, 208, 212
- policy interactions in a monetary union, model of 246–58
- political parties 21
- political union 279–83
- post-conflict support, World Bank 53–4
- Poverty Reduction Strategy Paper and capacity enhancement 49, 50–51
- preferential trade agreements (PTA), Croatia 137–41
- price stability xx, xxvii, 16, 151, 171, 246, 248, 281, 298
- prices, effect of monetary union 253–6
- primacy of European law over national law xxiii
- pro-cyclical stance 234, 236, 242
- productivity, foreign enterprises, Czech Republic 99–106
- Protocol on Social Policy 286
- PRSP (Poverty Reduction Strategy Paper) and capacity enhancement 49, 50–51
- PTAs (preferential trade agreements) Croatia 137–41
- public deficit reduction and EMU entry 245–6
- public goods xvi, 9, 10–12, 14, 80
- public spending, centralization 11
- Pyatnytskiy, V.T. xvii, 37–9
- qualified majority voting 18
- Rana, K.A.A. xvi–xvii, 30–33
- real exchange rate appreciation 296–9
- recapitalization, state banks 203–16
- regional centers of excellence xvii
- regional development banks, partnership with WTO 31
- regional shocks xxiii, 273
- regional strategies for capacity enhancement, World Bank 49–50
- regulation of financial services 263–4
- regulatory framework 200
- remoteness measure 116, 118
- Report on the Observance of Standards and Codes (ROSC) 79
- representation in enlarged Europe 20–22
- research, centralization 13–14
- return on investment, bank recapitalization 214–15
- risk premia xxi, 191
- risk sharing, international 260–73
- Ritzberger-Grünwald, D. xi–xiii
- Romania, banking sector 217–28
- ROSC (Report on the Observance of Standards and Codes) 79
- Ross, M. xix, 176, 177, 179, 184
- Russian Federation xvi, xxvii, 29, 38, 67, 71, 80, 131, 194, 204
- Sautins, A. 176, 183, 186, 187
- scaling up and capacity enhancement 56
- Scharler, J. xxii–xxiii, 260–75
- SEE-5 countries, intra-regional trade 134–9
- self-sustaining networks and World Bank 48, 53
- Sherif, K. xxi–xxii, 203–16
- single currency 11, 273, 280, 282
- Single European Act, social policies 286
- skilled workers, migration 92–3
- skills improvement, *see* human capital investment
- Slovakia  
ERM II entry 153–5, 184–5  
EU accession and asymmetric shock 186, 187
- Slovenia  
ERM II entry 180, 182  
home country bias 131
- Social Agreement 286–7
- social partners, role in training 89–90
- social policy, EU 284–90
- Solbes, P. 295
- Šošić, V. xviii, 127–44
- South East Europe, trade integration 127–42
- South-to-South learning 56–7

- stabilization of expectations 202  
 Stability and Growth Pact xxvii–xxviii,  
 201, 293–4  
 state, role in financial markets 199–200  
 state banks recapitalization, CEE  
 countries 203–15  
 state ownership xxi, 199, 204, 208, 223  
 strategic investor xvii, 224  
 structural close to balance rule for  
 fiscal policy 240–42  
 structural reform  
 Romania 219, 221  
 transition economies 72  
 student performance, and public  
 expenditure 90–92  
 Sudan, World Bank post-conflict  
 support 53  
 supply-side capacity building 44–7  
 supra-national states dissolution,  
 impact on trade 129–30  
 system level capacity building 78  
 Szapáry, G. xix, xx, 176, 177, 178, 179,  
 184  
  
 TA, *see* technical assistance  
 task allocation in the EU 9–10  
 draft treaty 20  
 taxation, centralization 11  
 technical assistance  
 Czech Republic 40–41  
 donors 61–5  
 IMF 76–8  
 World Bank 48, 60  
 technology transfer 53  
 Thematic Review for Adult Learning  
 88  
 Thoma, G. xx, 176, 180, 182–3  
 Torres, R. xvii, 85–94  
 Tošovský, J. xvii, 40–42  
 trade  
 barriers xvii, 33, 116  
 capacity building 45–6, 54  
 centralization 10  
 concentration ratio, SEE-5 135–6  
 integration in South East Europe  
 (SEE) 127–42  
 liberalization xvi, xviii, 32, 118, 124,  
 127, 139, 142  
 structure 114, 118, 121, 124, 129,  
 133, 137, 140  
  
 training  
 and capacity building 76  
 centres, WTO partnerships 31  
 policy, OECD 86, 88–90  
 transition countries, *see* accession  
 countries  
 transition indicators 70–71  
 Tumpel-Gugerell, G. xx–xxi,  
 189–95  
 Turkey  
 recapitalization of state banks 205,  
 208, 212  
  
 Ukraine 37–9  
 recapitalization of state banks 208,  
 212  
 unilateral euroization xviii  
 Union Minister for Foreign Affairs  
 19  
 United Nations Development  
 Programme (UNDP), capacity  
 enhancement 59  
 university standardization 13  
  
 value-added per employee, foreign  
 enterprises 100–102  
 variable geometry xxiii  
 Verhaeven, J. xxiii, 279–83  
 vocational training policy, OECD 86,  
 88–90  
 volatility of economic activity  
 xxii  
 Vujčić, B. xviii, 127–44  
  
 wages  
 policy and ERM II 182–3  
 and productivity, foreign enterprises  
 100–102  
 Walko, Z. xix, 176–88  
 WBI (World Bank Institute) and  
 capacity building 51–8  
 welfare gains of integration xviii  
 welfare systems xix  
 ‘Wider Europe’ concept xvi, xxvii  
 working conditions, EC policies 286,  
 288  
 World Bank and capacity enhancement  
 44–55, 59, 60  
 World Bank Institute (WBI) and  
 capacity building 51–8

- World Economic Outlook* 69  
World Trade Organisation (WTO)  
  capacity building partnerships 30–33  
  and Ukraine 37–9  
Wyplosz, C. xvi, 8–23, 298
- Yugoslavia, dissolution, effect on trade  
  128–9, 130–31
- Zabuliene, R.V. xx, 176, 179, 186–7  
Zemplerová, A. xvii–xviii, 97–109, 121