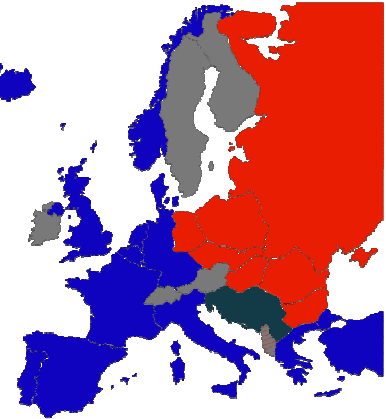


## Eastern Europe: 8 Issues Impeding Development

Eastern Europe. Countries with ancient history, nations struggling for unison within themselves and with the world without, economies which are not as rich as they can be, thus promising rich yield on investment. Below we look at some of the economic issues of their rich culture.



*Pic. 1 Iron Curtain countries in red - second half of the 20<sup>th</sup> c., courtesy of Wikipedia*

- **Democracy is slow** to institute itself. The lack of tradition in a non-democratic past lets corners be cut - key principles discarded. Buying of votes, voting for reasons different than electing the best governor are some of the practices across regions. Ruling parties change at nearly every Election and there is low trust in elites and representatives. The latter holds a potential for instability, such as Bulgaria's spring protests.
- In Eastern Europe there is **a love and obsession with 'lobbying'**, which can take many forms: informal, formal, unethical. It does not help that a change of Government usually heralds a complete removal of upper Civil Service personnel in Ministries, Municipalities, agencies across the public sector. Political appointments may be as far reaching as high school principals; academic literature and policy practice shows this is a major problem for sustainable government.
- **Basic survival** - the old 'survival' techniques – is still the ruling norm. Vast sections of the countries are poor. The strongest defines the rules. Small-scale corruption is not what it is in the West; there is little resistance against it, as people are preoccupied with their own selves. Service standards are low. The mindset of people shuns rules in the sense of written procedures and regulations – people prefer to base decisions on own, non-codified understanding.
- Simultaneously there is **lack of trust** in urbanized regions, as the individual people behave in atomistic fashion. The economic system functions with overuse of notaries, company stamps, accountants, rather than trust. This poses enormous costs for bypassing bureaucracy, as a financial burden, and also with regard to wasted energy and opportunity costs of 'lost' time.
- With regard to consultancy, generally, **little attention is paid to Advice** /Consultancy/External Support, the sector is not sought, with little if any willingness to obtain such. Unlike Turkey, where officials appear more aware of the necessity of knowledge they may not possess. The result is policies which make less sense than they should, have dubious impact or may be contradictory.
- Another issue regards project development is cash reserves. Organizations are **not used to keeping cash reserves**. The question is how do you fund any EU project before you eventually get paid. This has been a big deal in the past.
- A continuing low Birth-rate, with rising ages for bearing a first child, less popular marriage and higher pressure on the labor market, coupled with High Graduate out flow after University due to increased opportunities abroad means that the **demographic crisis** may be a critical issue in the future.
- In the fields of policy and project management and planning, **Projects or Ideas are not analyzed** or evaluated BEFORE all the Qualification requirements are checked. This means that poorer Projects get through the 'maze' rather than the "impact-worthy" Projects.