
¹ Where possible (i.e., data permitting), Serbia & Montenegro is disaggregated into its three primary entities: Serbia less Kosovo, Montenegro, and Kosovo. Hence, for simplicity, the reference to 29 countries refers to 28 countries plus Kosovo.

² An application of the MCP system to phase-out decisions is provided in *Appendix 3* of the previous MCP report (April 2005 #9), available on USAID/E&E's website. The phase-out reviews took place in the spring 2004 led by the State Department's Office of the Coordinator for the U.S. Assistance for Europe and Eurasia (EUR/ACE).

³ *Appendix 1* provides elaboration of the indicators.

⁴ EBRD, *Transition Report 2005* (November 2005), page 6.

⁵ The Eurasian non-reformers are Turkmenistan, Uzbekistan, and Belarus.

⁶ The technique employed for each *Doing Business* indicator is to define a specific type of business in a specific type of environment, and to compare the experience of that firm in that setting across the countries. In the days to start a business indicator, e.g., the firm is a limited liability company which operates in the country's most populous city, is 100% domestically owned, has 5 owners with up to 50 employees, etc. This technique allows for a manageable and precise way to measure trends across countries. However, one may not be able to generalize the results across different parts of any one country, perhaps more so in much of the transition region where regional disparities are very large.

⁷ The two governance indicators had been aggregated in previous years by Freedom House into one broader "governance and public administration" indicator.

⁸ The *NGO Sustainability Index* is produced by MSI; the *Media Sustainability Index* by IREX. Both analyses are USAID-funded.

⁹ These data and analysis are drawn from USAID/E&E/PO, *Economic Reforms, Democracy, and Growth in Eastern Europe and Eurasia* (November 2005).

¹⁰ *Ibid.*

¹¹ In this exercise, Serbia-Montenegro was included as one entity (i.e., Serbia less Kosovo, Kosovo, and Montenegro were not separate observations).

¹² The two primary empirical studies drawn on are Fidrmuc (2003) and Falcetti et. al. (2005).

¹³ USAID/E&E/PO, *Economic Reforms, Democracy, and Growth in Eastern Europe and Eurasia* (November 2005) provides elaboration.

¹⁴ 2001 SME data from the UNECE generally conform in order of magnitude to the 1998 data from a World Bank dataset which was used in MCP #9. There are, however, two cases where the figures from the two sources are widely different (calling into question definitional issues). The UNECE estimates that employment in SMEs in Albania was 75% of total employment in 2001; the World Bank estimates that SME employment in Albania in 1998 was only 10% of total employment. The UNECE estimates that SME employment in 2001 in Macedonia was 64% of total employment; the World Bank, only 18% in 1998.

¹⁵ The focus here is on countries where poverty has been relatively high and where time series data are available. The data are from the World Bank, *Growth, Poverty, and Inequality in Eastern Europe and the Former Soviet Union* (2005).

¹⁶ Drawn from USAID/EE/PO *Labor Markets in Transition* (2006 forthcoming).

¹⁷ This analysis is constrained by the lack of sufficient time series data on labor force survey estimates of unemployment, particularly in Eurasia.

¹⁸ Drawn from USAID/EE/PO *Education in Eastern Europe and Eurasia* (October 2005).

¹⁹ World Bank, *World Development Indicators 2005* (2005).

²⁰ Drawn from USAID/EE/PO *Demography and Health in Europe and Eurasia* (June 2005).

²¹ The NFSU countries consist of the three Baltic countries (Estonia, Lithuania, and Latvia), Russia, Ukraine, Belarus, and Moldova.

²² USAID, *Demography and Health in Eastern Europe and Eurasia* (June 2005), *Table 19*.

²³ Zohoori, N., D. Blanchette, and B. Popkin. *Monitoring Health Conditions in the Russian Federation: The Russian Longitudinal Monitoring Survey, 1992-2003*. University of North Carolina (April 2004).

²⁴ Fertility is the prime determinate of the crude birth rate. Hence, trends in fertility rates mirror closely the trends in crude birth rates. The fertility rate represents the number of children that would be born to a woman if she were to live to the end of her childbearing years and bear children in accordance with prevailing age-specific fertility rates. For a man and woman to "replace" themselves, the couple must have two or more children; hence, the fertility replacement rate is 2.1 births per woman.

²⁵ The conversion scales for both the human capital and economic performance indices are provided in *Appendix I*.

²⁶ There was not sufficient data to include Bosnia-Herzegovina and Serbia-Montenegro.