



**USAID**  
FROM THE AMERICAN PEOPLE

Working Paper Series on the Transition Countries  
No. 4

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# MONITORING COUNTRY PROGRESS IN EASTERN EUROPE AND EURASIA

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September 2006

Program Office  
Bureau for Europe & Eurasia  
**U.S. Agency for International Development**

## **Monitoring Country Progress in Eastern Europe and Eurasia**

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*Abstract:* This paper presents an abridged version of USAID/E&E's 10<sup>th</sup> edition of its annual report which monitors country progress in the twenty-nine transition country region. The salient findings include: (1) 2005 progress in economic reforms in the transition region was comparable to the good pace of economic reforms in recent years. (2) 2005 data show a continuation of the growing democratization gap between CEE and Eurasia that has been evident since the early transition years. (3) The twenty nine transition countries generally fall into four fairly distinct reform groups: (a) Northern Tier CEE; (b) Southern Tier CEE; (c) Eurasian reformers; and (d) Eurasian non-reformers (Turkmenistan, Belarus, and Uzbekistan). (4) Economic growth rates in the region continue to exceed global norms, and within Eastern Europe and Eurasia, continue to be highest in Eurasia in large part due to favorable primary product trends. (5) Many social indicators continue to recover, apparently at least partly in response to improving economic conditions, including falling poverty and infant mortality rates, and rising real wages and education enrollment rates. (6) Yet many countries are (still) experiencing increasing unemployment rates and the life expectancy gap between CEE and Eurasia continues to grow. (7) And some of the transition countries have among the highest crude death rates worldwide along with among the lowest fertility rates (and birth rates) worldwide.

*USAID/E&E/PO Working Paper Series on the Transition Countries  
September 2006*

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## *Introduction and Method*

This paper presents an abridged version of the tenth edition of USAID/Europe & Eurasia Bureau's annual report which monitors country progress in the twenty-nine transition country region. An important objective of this analysis is to provide criteria for graduation of transition countries from U.S. government assistance, and, more generally, to provide guidelines in optimizing the allocation of USG resources in the region.

Transition progress is tracked along four primary dimensions: (1) economic reforms; (2) democratization; (3) economic performance; and (4) human capital. Country progress is assessed by first taking stock of trends in economic and democratic reforms. The issue of the sustainability of these reforms is addressed in part by then assessing gains in economic performance and human capital. Reform progress is not likely to be sustained without notable gains in the economy that filter down to the citizens. Four indices are used to track progress along the four primary transition dimensions. The data which comprise the indices are drawn from readily available standardized sources including the World Bank, the European Bank for Reconstruction and Development (EBRD), UNICEF, and Freedom House.

The economic reform index consists of nine indicators drawn from the EBRD's annual *Transition Report*: (1) small-scale privatization; (2) large-scale privatization; (3) price liberalization; (4) trade and foreign exchange liberalization; (5) banking reforms; (6) non-bank financial reforms; (7) enterprise reforms (or policies towards corporate governance); (8) infrastructure reforms (electric power, water and waste water, railways, telecommunications, and roads); and (9) competition policy.

The democratic reform index is drawn from Freedom House's annual *Nations in Transit*: (1) electoral process (the extent to which elections are free, fair, and competitive); (2) civil society (primarily NGO development); (3) the independence of media; (4) national governance; (5) local governance; (6) rule of law (primarily judicial reform); and (7) anti-corruption measures.

The economic performance index is drawn primarily from the World Bank's *World Development Indicators*, and the EBRD's *Transition Report*: (1) economic growth over the transition (measured as current GDP as a share of 1989 GDP); (2) three year inflation rate average; (3) cumulative foreign direct investment per capita; (4) external debt as percent of GDP; (5) private sector share of GDP; (6) the share of employment in the small and medium enterprise sector; and (7) export share of GDP.

The human capital index is drawn primarily from UNICEF's Transmonee database and the World Bank's *World Development indicators*: (1) life expectancy; (2) under five mortality rates; (3) public expenditure on health as percent of GDP; (4) public expenditure on education as percent of GDP; (5) per capita income; and (6) secondary school enrollment.

To construct the four indices, all component indicators were converted to a one to five scale where five represents the most advanced progress possible. The indices are equally weighted averages of their components.

## ***Findings***

### ***(1) Four reform groups today (vs. the late 1990s)***

*Figure 1* provides an overall picture of the status of the economic and democratic reforms in the transition countries in 2005. *Table 1* tabulates these aggregate economic and democratic reform scores and ranks the countries on both dimensions.

The economic reform ratings are an equally weighted average of all nine EBRD transition indicators (*Tables 2 and 3*). The democratic reform ratings are calculated from the average of the seven democratic reform components in 2005 (*Table 4*).

These data show that progress in economic and democratic reforms in the transition region varies greatly, ranging from that found in Hungary, Estonia, and Poland at one end of the reform spectrum to Turkmenistan, Belarus, and Uzbekistan at the other end. The three primary geographic sub-regions (the Northern Tier Central and Eastern Europe countries, the Southern Tier CEE countries, and the Eurasian countries) have relatively distinct reform profiles, particularly in terms of progress in democratization.<sup>1</sup> Moreover, the data shown in *Figure 1* suggests a further differentiation of countries within Eurasia; the three Eurasian non-reformers lag behind virtually all the other countries on both reform dimensions.

There are two notable geographic outliers: Kosovo's reform progress is closer to Eurasian standards, while Ukraine's is closer to Southern Tier CEE standards. In addition, the cohesiveness or homogeneity of these reform profiles differ among the three sub-regions: the Northern Tier CEE countries are much more clustered (i.e., have a relatively homogeneous reform profile), while the Eurasian countries are much more dispersed than either of the two CEE sub-regions (and in fact arguably consist of two sub-groups).

*Figure 2* shows the reform picture in 1998. It is starkly different than the 2005 picture. The Northern Tier CEE countries were much less homogeneous in 1998, and there was considerably more overlap in the range in reform progress between the Southern Tier CEE countries and Eurasia than exists today. Since 1998, most of the countries across the three sub-regions moved forward on economic reforms, while on democracy, the gap between CEE and Eurasia widened notably.

### ***(2) Good economic reform progress in 2005 (and comparable to that of recent years), but fewer gains as compared to progress in the early 1990s.***

Eighteen of twenty-nine transition countries advanced in 2005 in at least one economic reform dimension (*Tables 2 and 3*). Serbia made the greatest advancement, moving forward on four indicators. Armenia advanced in three areas. Seven other countries

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<sup>1</sup> The Northern Tier CEE countries are Hungary, Poland, the Czech Republic, Slovakia, Slovenia, Lithuania, Latvia, and Estonia. The Southern Tier CEE: Romania; Bulgaria; Macedonia; Albania; Croatia; Bosnia-Herzegovina; Serbia; Montenegro; and Kosovo. Eurasia consists of the former Soviet Union less the three Baltic countries: Russia; Ukraine; Moldova; Belarus; Armenia; Georgia; Azerbaijan; Kazakhstan; the Kyrgyz Republic; Tajikistan; Uzbekistan; and Turkmenistan.

advanced in two economic reform dimensions. In contrast, economic reforms in Russia largely stalled, with backsliding in large-scale privatization.

*Figure 3* highlights the pace of economic reforms in the three primary transition regions since 1989. It also disaggregates Eurasia into reforming and non-reforming countries. The trends show slower progress in recent years in the Northern Tier CEE and in Eurasia, as compared to the early 1990s. Economic reform progress among the Eurasian non-reformers has stagnated since 1995. Economic reform progress among the Southern Tier CEE countries on average has appeared to be much more linear or stable over time. However, the overall Southern Tier CEE trend masks large individual country variations in the sub-region: some countries moved forward impressively early on only to stall more recently (such as Romania at least through 2003); other countries, in no small part due to wars, did not start the economic reform process until the mid-to-late 1990s (Bosnia-Herzegovina and Serbia & Montenegro are the salient cases).

*Figure 3* also shows that the Northern Tier CEE countries are well out front and have remained well out front of the rest of the countries in progress in economic reforms since the transition began. However, the economic reform gap between the Northern Tier and Southern Tier CEE countries is smaller today than it was in the mid 1990s. The Eurasian countries do not seem to be closing the economic reform gap vis-à-vis Central and Eastern Europe.

*Figure 4* highlights microeconomic reform trends; i.e., indicators which attempt to capture the business environment. Data are from the World Bank's *Doing Business* (third) annual report, which includes 155 countries and ten aspects of the business environment in 2005: starting a business; dealing with licenses; hiring and firing workers; registering property; getting credit; protecting investors; paying taxes; trading across borders; enforcing contracts; and closing a business. The transition countries' rank on average is roughly the worldwide average (i.e., seventy-five out of 155 countries). The range of results in the transition region is very large: Lithuania and Estonia have among the most business friendly environments worldwide by these measures while enterprises in Uzbekistan confront some of the highest business environment obstacles worldwide. Five of the top ten reformers worldwide in 2005 (i.e., countries which made the greatest gains across the ten dimensions) are in the transition region. Serbia & Montenegro ranked first on this score, advancing in eight out of ten areas. Georgia was second alongside Vietnam, advancing in five areas. Slovakia, Romania, and Latvia all advanced in four areas.

### ***(3) The growing democratization gap between CEE and Eurasia continued in 2005***

The Northern Tier CEE countries achieved a level of democratization slightly below Western European standards by the mid-1990s; by 2004 they were on a par with those standards. As shown in *Figure 5*, the Southern Tier CEE countries remain notably behind the Northern Tier CEE countries, though the gap has narrowed significantly since the late 1990s.<sup>2</sup> Democratization trends in Eurasia have been strikingly different than

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<sup>2</sup> *Figure 5* draws from two datasets from Freedom House; it's more rigorous region-specific measures from its *Nations in Transit*, which began in 1997, and for earlier years, Freedom House's worldwide measures of political rights and civil liberties from its annual *Freedom in the World*.

those in Northern and Southern Tier CEE. Specifically, while considerable liberalization of democratic freedoms in Eurasia occurred under Gorbachev leading up to the collapse of the Soviet Union in 1991, since then, the trend towards democratization has generally been one of steady backsliding among the three Eurasian non-reformers and stagnation in democratization for much of the 1990s in the Eurasian reformers followed more recently by gradual erosion of such reforms.

The 2005 data from Freedom House's *Nations in Transit* show a continuation of the growing democratization gap between CEE and Eurasia that has been evident since the early transition years (*Table 4*). Six Eurasian countries backslid on democratic reforms in 2005 and only three countries (Ukraine, Georgia, and Moldova) moved forward. In CEE, seven countries advanced in democratization in 2005 and only two countries (Hungary and Poland) regressed. Among the three sub-regions, the broadest gains occurred in the Southern Tier CEE countries, advancing in six of seven democracy areas. The most broad-based gains in democratization in 2005 occurred in Bulgaria, Albania, and Ukraine; the countries which regressed the most were Uzbekistan, Russia, and Tajikistan.

***(4) The three primary sub-regions are also generally distinguishable by varying progress in economic performance and human capital (vs. the late 1990s)***

*Figure 6* shows the most recent cross-country picture of progress in economic performance and human capital. *Table 5* shows the country specific ratings and rankings on both dimensions. *Tables 6-9* show the component indicators that go into the two indices.

*Figure 6* shows a picture that resembles that of *Figure 1* of economic and democratic reforms. More specifically, the Northern Tier CEE countries are out front on both dimensions (and relatively more clustered or homogenous as a sub-region than the other two sub-regions); the Eurasian countries generally lag the most on both dimensions of the three sub-regions.

In contrast to the reform picture of *Figure 1*, however, there is much more overlap in progress between the three sub-regions in terms of economic performance and human capital. Croatia, for example, has a human capital profile comparable to the Northern Tier CEE (ranking fourth alongside Poland), and Albania's profile is closer to Eurasian human capital standards (ranking nineteenth, behind Ukraine and Belarus, comparable to Russia). Serbia & Montenegro has among the lowest economic performance score of all the transition countries. In contrast, Albania ranks sixth (along with Slovakia) and Bulgaria ranks eighth.

*Figure 7* shows economic performance and human capital dimensions for the region in 1997. A comparison between economic performance and human capital in 1997 (*Figure 7*) with that of 2003-05 (*Figure 6*) yields some interesting parallels between the comparison of economic and democratic reforms in 1998 (*Figure 2*) and 2005 (*Figure 1*). Similar to economic and democratic reforms, much change has occurred over these years in the economic performance and human capital dimensions. Moreover, in the late 1990s, there was considerably more overlap in these dimensions between sub-regions,

particularly in the range in progress between the Southern Tier CEE countries and Eurasia than exists today. As with economic reforms, good progress was made across the sub-regions in economic performance, while in human capital (as with democracy), the gap between CEE and Eurasia has widened.

***(5) Economic growth remains impressive.***

Economic growth has been impressive among the transition countries in recent years (*Figure 8*). Since 2000, the transition region as a whole has witnessed annual economic growth rates in excess of global economic growth rates, averaging more than 5% annually. Of the three transition sub-regions, economic growth has been highest in Eurasia, averaging about 7% annually from 2000 to 2005.

For much of the Eurasian countries, much of these high growth rates has presumably stemmed in no small part from high and rising prices of key primary product exports (particularly energy and metals). Some of the favorable impact has been indirect, namely, via strong growth and demand from Russia, though reliance on Russia continues to fall (*Figure 9*). In CEE, economic growth is increasingly driven by economic growth in Western Europe as the CEE's share of exports to Western Europe increases.

While the fastest growing economies in recent years have been in Eurasia, it has been primarily the economies of the Northern Tier CEE countries that have been able to sustain relatively robust economic growth to the point where they are well above pre-transition income levels (*Figure 10*). The Northern Tier CEE countries today have economies on average 20% larger than pre-transition GDP. The transition depression was not as deep in the case of the Northern Tier CEE countries, and recovery came sooner; it's been twelve years on average since these economies bottomed out. In contrast, official GDP in seven Eurasian economies and four Southern Tier CEE economies today is still below what it was in 1989. Georgia and Moldova have economies that remain roughly one-half the size of what they were in 1989 (*Table 7*).

However, the Eurasian economies are far from homogenous on economic growth trends. As shown in *Figure 10*, the three Eurasian non-reformers (Turkmenistan, Belarus, and Uzbekistan) have a very favorable economic growth profile, roughly comparable to that of the Northern Tier CEE. The three Eurasian oil exporters (Russia, Kazakhstan, and Azerbaijan) also have an economic growth profile that is very different than the rest of Eurasia. As in much of Eurasia, these three countries had economies which experienced huge output drops in the 1990s, though it has been followed by economic growth rates far in excess than that experienced by most other transition countries.

***(6) The resumption of economic growth has been accompanied by some favorable trends in human capital.***

Available evidence suggests that the resumption of economic growth in the transition region has had, not surprisingly, some favorable effects on at least certain aspects of human capital. One such apparent affect has been the reduction of poverty. *Figure 11*



compares the latest cross-country poverty rate data from the World Bank with economic growth trends in the case of Georgia. These data for Georgia are typical for other transition countries for which data are available.<sup>3</sup> In general, while poverty rates vary widely across the countries, some common observations regarding the trends over time emerge: (1) poverty rates do appear to be responsive to economic growth across all the countries examined; i.e., there is at least an apparent inverse relationship between the two (not accounting for possible exogenous influences), rising growth corresponds to falling poverty; (2) the time series are consistent with the contention that there may be some minimum threshold of growth before poverty responds and declines, perhaps close to 5% annual economic growth. In other words, if an economy can continue to expand at 5% or more, then the poverty rate is likely to fall; and (3) in some but not all countries, urban poverty appears to be more responsive to economic growth than rural poverty. The extreme cases in this regard are Georgia and Armenia, where rural poverty rates actually increased in 2003 despite high and increasing economic growth.

Other positive trends in human capital include rising real wages, rising education enrollment rates, and falling infant and under five mortality rates. Real wages have been increasing in CEE since 1993 and in Eurasia since 1995. They are highest relative to 1989 levels in the Southern Tier CEE (115% of 1989 levels), lowest in Eurasia (75%), and somewhere in between in the Northern Tier CEE (98%).

High primary school enrollments have been maintained across the sub-regions, and tertiary enrollments have been increasing since the mid-1990s, though much more so in the Northern Tier CEE than in the Southern Tier CEE and Eurasia. Of the three levels of education, enrollments in secondary school have generally been the most adversely affected in the transition region in the 1990s. Most of the deterioration in secondary school enrollments has occurred in Eurasia (*Table 8*). However, these enrollment trends may have recently bottomed out in Eurasia, by 2001 on average. To contrast, secondary school enrollments started to recover much sooner in CEE: in 1992 in the Northern Tier and in 1994 in the Southern Tier. Moreover, the Southern Tier CEE enrollments have seen a particularly strong recovery or upturn more recently, starting in 2001.

Most of the deterioration in secondary school enrollments in Eurasia has been in vocational and/or technical schools. In fact, general secondary enrollment trends across the three sub-regions are quite similar. Given the overspecialization that took place prior to communism's collapse, this distinction in trends between components of secondary school enrollments in Eurasia may mitigate the concern about the drop in total enrollments. In other words, the disproportionate drop in enrollments in vocational and/or technical schools in Eurasia may be desirable, though this line of thought needs to be further explored.

Under five and infant mortality rates are lower today than at the outset of the transition in a large majority of transition countries, CEE and Eurasia (*Table 8*). In the Northern Tier CEE countries, infant mortality rates (IMRs) have more than halved since 1990: from

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<sup>3</sup> This includes Belarus, Russia, Romania, Armenia, Moldova, and the Kyrgyz Republic. See *MCP #10*, pgs. 58-64.

fifteen deaths per 1,000 live births in 1990 to seven deaths in 2004. In the Southern Tier CEE, the drop has been from twenty-one deaths in 1990 to fourteen deaths in 2004.

While infant mortality rates are much higher in some of the poorer Eurasian countries, the trend of declining IMRs generally holds in Eurasia as well as in CEE. Only two Eurasian countries did not have lower infant mortality rates in 2004 compared to 1990: Kazakhstan's IMR in 2004 was sixty-three deaths per 1,000 live births vs. fifty-three deaths in 1990; Turkmenistan's IMR in 2004 was what it was in 1990, namely eighty deaths per 1,000 live births. Trends in under five mortality rates mirror very closely infant mortality rates: only two transition countries saw an increase in under five mortality rates from 1990 to 2004: Kazakhstan (from sixty-three deaths per 1,000 children to seventy-three deaths) and Turkmenistan (from ninety-seven deaths to 103 deaths).

***(7) However, trends in other human capital dimensions are less favorable.***

Particularly with the resumption of economic growth in the late 1990s, a number of transition countries across the three sub-regions have been experiencing falling unemployment rates. This includes Northern Tier CEE countries (Lithuania, Latvia, and Estonia), Southern Tier CEE (Bulgaria and Croatia), as well as Eurasia (Ukraine, Georgia, Russia, and Kazakhstan). However, there are almost as many countries still witnessing rising unemployment, again including countries across the three sub-regions. In the Northern Tier CEE, this includes Poland, the Czech Republic, and Slovakia. In the Southern Tier CEE: Macedonia, Romania, Serbia & Montenegro; in Eurasia: Armenia and Moldova (*Figures 12-14*). Many CEE countries have employment rates that are recovering though have not yet achieved OECD levels. Many Eurasian countries have high employment rates that have not (yet) undergone the downward adjustment needed in a transition from communism to a market economy.

Literacy rates as traditionally defined are uniformly high in the transition region by world standards. The World Bank reports that male adult literacy rates in the transition region averaged 98% in 2002 and 94% for females. This compares with world averages of 80% male literacy and 73% female; and for low income developing countries of 68% male and 48% female.

However, "functional" literacy, or how well students and adults can function in a market economy given their formal and informal education, may be a more relevant measure of the quality of education in the transition region. The conventional wisdom has been that educational aspects of human capital in the former communist countries were largely an asset going into the transition. It has also been widely perceived that the type of education in the communist countries (with emphases on memorization at the expense of analytical and critical thinking, and perhaps premature specialization if not over-specialization) may be ill-suited for the needs of a market economy.

*Figure 15* shows an effort by the OECD to measure functional literacy in the region and compared to standards worldwide. The Program for International Student Assessment (or PISA) attempts to focus on how well students, aged approximately fifteen, use

knowledge in reading, mathematics, and science to meet real-world challenges. The OECD conducts the assessment every three years; two have so far been conducted, in 2000 and 2003. Forty-five countries have participated in at least one of the PISA surveys. Of these, eleven belong to the transition region—five from the Northern Tier CEE, five from the Southern Tier CEE, and Russia.

As shown in *Figure 15*, there are roughly three levels of outcomes in the transition sample: (1) the five Northern Tier CEE countries are all OECD standard; (2) Russia followed by Bulgaria, Romania, and Serbia & Montenegro perform at a middle level, well below OECD standards, comparable to Thailand; and (3) Macedonia and Albania score much lower still, comparable to Tunisia, Indonesia, and Brazil. While Russia is to date the only Eurasian country to take part in the PISA, new countries in the next round in 2006 are to include Azerbaijan, Kazakhstan, and the Kyrgyz Republic (as well as Slovenia, Lithuania, Estonia, and Croatia).

The PISA surveys also provide data which help explain why performances across countries vary. For example, close to twenty percent of the students polled in the OECD countries claimed to be hindered either “somewhat” or “a lot” as a result of poor heating or cooling or lighting. In contrast, a much higher percentage of students in Macedonia and particularly in Russia and Albania contend that they are hindered by these constraints, roughly one-half of students in Russia and Albania. The data show that a lack of instruction materials pose a considerably larger constraint than poor heating, cooling, and lighting for students surveyed in the transition countries. A very high percentage of students surveyed in Russia, Albania, Latvia, Romania, and Macedonia contended that a lack of instruction material was an obstacle towards learning, ranging from 65% in Russia to 46% in Macedonia.

Despite largely favorable macroeconomic trends across the transition sub-regions, and a turnaround in many social conditions in most countries (some of which were noted above), there are not yet signs of improvement in some key health trends, particularly in Eurasia. Perhaps the most basic health indicator, and the most alarming, is life expectancy. *Figure 16* shows the trends over time by the three primary sub-regions in life expectancy, and highlights what appears to be a growing health gap between CEE and Eurasia. After an initial and slight decline in life expectancy in the CEE countries, life expectancy has been increasing, since 1992 in the Northern Tier and 1994 in the Southern Tier. In contrast, life expectancy in Eurasia fell much more drastically early on in the transition to 1994, recovered some through 1998 and since then, has remained steady at sixty-seven and a half through 2004 (latest year of data available).

Only four of twelve Eurasian countries had a higher life expectancy in 2004 than in 1990: Azerbaijan; Armenia; Georgia; and Tajikistan (*Table 9*). Only one CEE country, Bulgaria with a life expectancy of seventy-two years in 1990 and 2004, did not see an increase in life expectancy during this period.

Why is the health gap growing? Trends in adult mortality rates shed light on the growing CEE-Eurasia health gap. Nine of twelve Eurasian countries witnessed an increase in both male and female adult mortality rates from 1990 to 2004; only one Eurasian country (Armenia) had a decrease in both male and female adult mortality rates during this

period. Ten of thirteen CEE countries witnessed a decrease in adult mortality rates in this period; only one CEE country (Lithuania) witnessed an increase in both male and female adult mortality rates from 1990 to 2004.

Male adult mortality rates in the transition region are much higher than female adult mortality rates. In fact, the adult mortality rate gender gap in the transition region is the highest worldwide, and within the transition region, it is among the highest in the Northern Former Soviet Union countries (NFSU).<sup>4</sup> In 2002-2004, the male adult mortality rate in the NFSU countries was 353 deaths per 1,000 adults; for females, it was 126 deaths. This means that roughly 35% of 15 year old males in the NFSU countries will die before reaching 60 years of age. Only in Sub-Saharan Africa is the male adult mortality rate higher: 519 deaths per 1,000 in the year 2000.

Similarly, the highest life expectancy gender gaps in the world are found in Eastern Europe and Eurasia, among the NFSU countries where males on average live 12 years less than females. Moreover, this gap is larger today than in 1990. Worldwide trends are in stark contrast with the Eastern Europe and Eurasia experience: females worldwide live only two years more than males in the low-income developing countries, and about five years more in the middle-income developing countries and six years more in high-income economies. The life expectancy gender gaps in other parts of the world have held steady or even declined some since 1990.

Possible explanations for some of the striking mortality trends in the region, and particularly the gender disparities emerge from an examination of trends in: (a) lifestyle conditions; (b) “non-medical” deaths (such as suicides, homicides and accidents); and (c) infectious diseases such as TB and HIV/AIDS.

The lion’s share of deaths in Eastern Europe and Eurasia are due to non-communicable diseases, some of which are due to genetic attributes, though most stem from lifestyle choices (in particular, those related to alcohol, smoking, diet and exercise-related conditions) (*Figures 17-20*). Drawing from the World Health Organization (WHO), 61% deaths in the NFSU countries in 2003 can be attributed directly to lifestyle diseases, vs. 40% in the EU-15. In contrast, only 4% of NFSU country deaths were due to infectious, parasitic, maternal and perinatal conditions, compared to 7% in the EU-15. A broader definition (which includes non-medical deaths including suicides and deaths from accidents and homicides, though also fire and war), increases these proportions to 74% in the NFSU, vs. 45% in the EU-15 countries (and 56% in the U.S.). Obesity and stress-related deaths, which are particularly high in Ukraine, Russia, Latvia, Belarus and Estonia, make up 71-91% of lifestyle deaths. Seventy-one percent of elderly Russian adults were either overweight or obese in 2003, an increase from 59% in 1992.

Data on smoking and drinking underscore some of these concerns. Overall, the proportion of smokers and the amount of cigarettes smoked in the transition region (4.1 cigarettes per person per day) is roughly comparable to Western Europe norms (4.3 to 4.7 cigarettes per person per day for countries for which data are available). However, the

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<sup>4</sup> The NFSU consists of the three Baltic countries (Lithuania, Latvia, and Estonia), Russia, Moldova, Belarus, and Ukraine.

gender disparity in smoking is much greater in the transition countries than it is in Western Europe. Males in the transition region smoke more than their Western Europe counterparts, while females in the transition smoke much less than Western European females. In Eastern Europe and Eurasia, 43% of males smoked in 2002-2005 vs. 15% of females. Contrast this with the UK (28% males and 24% females), France (30% and 21%), and Denmark (28% and 23%).

WHO data suggest that citizens of the transition countries actually consume notably less alcohol than most of the citizens in the EU-15 countries, roughly a third less (6.5 liters per person in 2001 in E&E vs. 9.2 in the EU-15). According to the WHO data, persons in the Caucasus and the Central Asian Republics drink much fewer alcoholic beverages (2.5 and 1.4 liters) than the average E&E person, and much fewer still than those in the Northern Tier CEE countries (8.7 liters) and the NFSU countries (7.4 liters).

However, these data do not differentiate between types of alcoholic drinks; nor do these figures include home made liquor or illegal production. When one accounts for these considerations, at least in the case of Russia, the picture changes dramatically. Estimates of consumption of (legal and illegal) alcohol in Russia (and excluding beer which is not considered alcohol according to Russian legislation) are closer to 15 liters per person per year; roughly half of this consumption is from illegally produced alcohol.

Another important aspect that the WHO country averages mask is the differences in alcohol consumption by gender. The Russia Longitudinal Monitoring Survey data underscore this in the case of Russia. Russian males drink far more alcohol than do females. According to the survey, the annual per capita alcohol consumption for Russian males in 2003 was 13.1 liters, while for females it was only 2.1 liters. Earlier years showed even greater differentiation in consumption by gender.

Data on Russia show male life expectancy trends tracking very closely and inversely with per capita alcohol consumption in Russia. There is also evidence that suggest that many deaths are indirectly caused by alcohol. Again using data from Russia, there exist a very close correspondence between alcohol consumption in Russia and external causes of death (i.e., from injuries, such as those stemming from automobile accidents, and poisoning, primarily alcohol poisoning).

Suicide rates in the transition region are more than twice the rates in the EU-15. Within the transition region, they are highest in the NFSU. In fact, the WHO estimates that the six NFSU (for which data are available; i.e., excluding Moldova) in addition to Hungary, Kazakhstan, and Slovenia have the highest suicide rates worldwide; Finland is 10<sup>th</sup>. Suicide rates in the transition region are lowest in the Caucasus, and among the Muslim-majority countries. Suicide rates have been falling throughout the transition region since the mid-to-late 1990s.

According to the WHO, infectious, parasitic, maternal and perinatal diseases were responsible for three to five percent of transition region deaths in 2003; vs. seven percent in the U.S. and the EU-15. Estimates of HIV prevalence in the large majority of transition countries remain low by global standards: twenty out of twenty-six transition countries had rates equal to or less than the EU-15 average in 2005 (of 0.27 percent of the population). However, from 1997-2005, HIV rates increased more rapidly in the

transition region than any other region in the world. Yet, only a handful of transition countries have been contributing to this significant increase in recent years; Ukraine, Russia, Estonia, Moldova, and Latvia in particular.

Tuberculosis prevalence is far higher in the transition region than it is in the EU-15, and is currently higher in the majority of transition countries than in 1990 while it has decreased in the EU-15 during this period. The incidence of TB was almost seven times greater in 1999-2002 in the transition region than in the EU-15 (seventy-five vs. eleven per 100,000 persons). TB is higher in Eurasia than in CEE, and highest in the Central Asian Republics. TB incidences have been falling in CEE since at least the late 1990s. The trend is less clear in Eurasia.

***(8) Some of the disturbing health trends have contributed to a unique and troubling demographic picture in Eastern Europe and Eurasia.***

The range in crude death rates across the transition countries is almost as high as global extremes: the Muslim-majority transition countries have among the lowest crude death rates worldwide, while the NFSU countries have among the highest crude death rates; only such death rates in Sub-Saharan Africa are higher (*Figure 21*). Crude death rates have held steady or fallen in much of the world since 1990, with two regional exceptions: these rates increased in Sub-Saharan Africa and in the transition region.

The fertility rates in the CEE and Eurasia are well below the replacement rate (of 2.1 children per woman) and in fact are among the lowest worldwide (*Figure 22*). In 1999-2004, the average fertility rate in the transition region was 1.6 children per woman. As with crude birth rates, only the advanced industrial economies have fertility rates comparably low: 1.7 in the high income economies; 1.5 in the EMU. A notable distinction, however, is that these low fertility rates in the advanced industrial economies have been maintained since at least the 1980s, while the fertility rates in the transition region have dropped significantly since the 1980s, and particularly with the onset of the collapse of communism. The only transition countries which have fertility rates above the fertility replacement rate are the six Muslim-majority countries.

Both emigration and a natural decrease in population (i.e., death rates exceeding birth rates) have contributed to an overall contraction in population in CEE and Eurasia each year since 1995 (*Figure 23*). During this time period, all other regions in the world have experienced expanding populations, ranging from a small increase in Western Europe (0.3% average annual) to closer to 2.5% increase in Sub-Saharan Africa. Similarly, CEE and Eurasia is very much a global extreme when compared with the rest of the world differentiated by level of income. The rate of population growth has been falling in low-income, middle-income, and high-income countries worldwide, though all groups have maintained, in contrast to the transition region, on balance expanding populations.

### *Summary by web charts*

*Figures 24-43* provide summary assessments across the four transition dimensions by sub-regions: (1) Northern Tier CEE; (2) Southern Tier CEE; (3) Eurasia energy producers; (4) Eurasia non-reformers; and (5) the rest, largely low income Eurasia. The greater the shaded area, the greater is the progress; a score of “5” represents the most advanced progress.

The Northern Tier CEE countries are the most advanced across all four dimensions of all the sub-regions. Democratic reforms are roughly comparable to Western standards, with roughly even progress across the seven dimensions (and local and national governance lagging slightly). The human capital picture is similar, far along on all aspects and close to Western Europe standards. Gaps are more prevalent in economic reforms. First stage economic reforms are complete. However, second stage reforms continue to lag, competition policy most saliently. Finally, economic performance in the Northern Tier CEE countries is generally very good, with high economic growth, low inflation, and impressive progress on key economic structural indicators, including the share of the economy attributed to the private sector and to small and medium enterprises (SMEs), and the volume of exports and foreign investments. The one lagging variable in economic performance is relatively high external debt (and specifically in the case of Hungary, Estonia, Latvia, and Slovenia).

The Southern Tier CEE countries show relatively even progress across the four dimensions (and farther behind on all of them relative to the Northern Tier CEE countries). On democratization, anti-corruption efforts lag the most, while civil society development is the most advanced, followed closely by electoral process. First stage economic reforms are largely completed in all but large-scale privatization. All the second stage economic reforms have far to go except perhaps banking reforms. As with the Northern Tier CEE and most of Eurasia, competition policy lags the most of all the economic reforms. On human capital, the Southern Tier CEE countries are farthest along on health indicators and lag the most on per capita income and public expenditure on education. On economic performance, the Southern Tier CEE countries still have far to go towards better integrating into the world economy as evidenced by very small export shares of GDP. Moreover, the majority of these countries have still not attained pre-transition income levels, most notably Serbia and Montenegro and Bosnia-Herzegovina.

The transition profile of the three Eurasian energy producers (Russia, Kazakhstan, and Azerbaijan) is one of notable imbalances, relatively much farther along on economic reforms and performance than in democratization and human capital. First stage economic reforms are far along except large scale privatization. Second stage economic reforms lag uniformly, except banking reforms. Democratic reforms lag even more so and across the board except perhaps civil society. Human capital also lags considerably and relatively uniformly with the largest gaps in life expectancy and government expenditures on health. Finally, the economic performance of the energy producers is strong on most dimensions though with the salient exception of a very small SME sector.

Considerable imbalances across the four dimensions exist in the case of the six (largely) low-income Eurasian countries, farthest along on economic reforms, particularly first

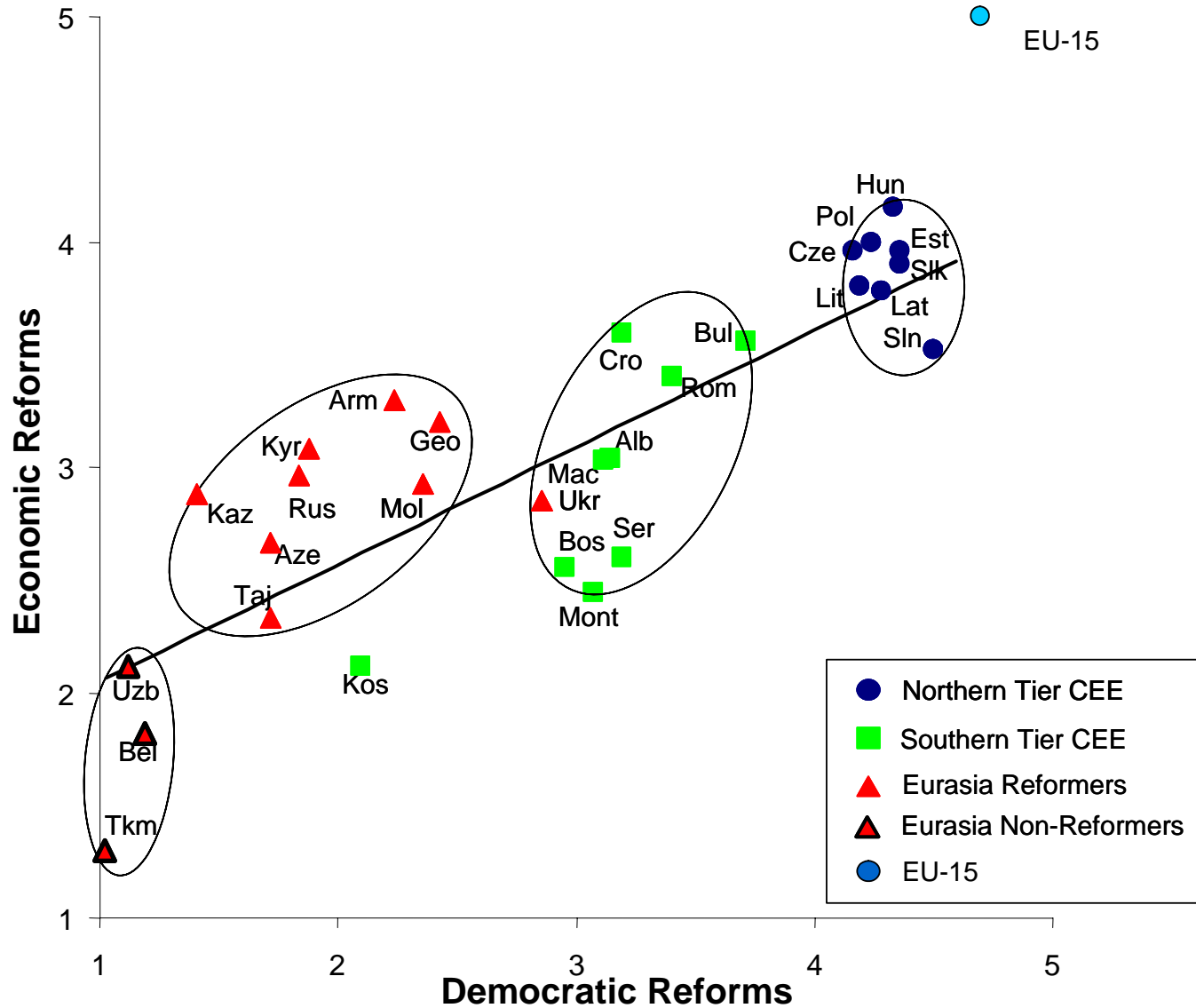
stage reforms, while lagging the most in human capital. Of all the economic reforms, these countries lag the most in non-bank financial reforms and infrastructure reforms. On democratization, they lag the most in the fight against corruption and local governance; farthest along in civil society. On economic performance, these countries lag considerably in integrating into the world economy (as measured by export share of GDP and foreign direct investment) as well as in terms of the size of the economies today relative to pre-transition levels. Finally, on human capital, greatest deficiencies occur in secondary school enrollment, public expenditures on health, and per capita income.

The three Eurasian non-reformers (Belarus, Uzbekistan, and Turkmenistan) have a unique profile. They lag the most in democratization, and across the board in democratic reforms, they score roughly as low as one can score by global standards. In contrast to all other transition countries, these countries have not yet come close to completing first stage economic reforms, let alone second stage. Of the first stage economic reforms, the considerable lag in trade liberalization lags is most striking. Economic performance is very uneven with relatively low external debt and high economic growth coupled with a very low private sector share of GDP and very little FDI. Finally, human capital scores are dismal across the board (though Belarus pulls the three country average up in this regard). The largest gap is in life expectancy.



Figure 1

# Economic and Democratic Reforms in 2005



Ratings are based on a 1 to 5 scale, with 5 representing most advanced. Freedom House, *Nations in Transit 2005* (2005), *Freedom in the World 2006* (2005), and EBRD, *Transition Report 2005* (November 2005).

<b>TABLE 1. ECONOMIC AND DEMOCRATIC REFORMS IN CENTRAL AND EASTERN EUROPE AND EURASIA: 2005</b>					
	<b><u>ECONOMIC REFORMS</u></b>		<b><u>DEMOCRATIC REFORMS</u></b>		
	<b>RATING (1 to 5)</b>	<b>RANKING</b>	<b>RATING (1 to 5)</b>	<b>RANKING</b>	
HUNGARY	4.1	1	SLOVENIA	4.5	1
CZECH REPUBLIC	4.0	2	ESTONIA	4.4	2
ESTONIA	4.0	2	SLOVAK REPUBLIC	4.4	2
POLAND	4.0	2	HUNGARY	4.3	4
SLOVAK REPUBLIC	3.9	5	LATVIA	4.3	4
LITHUANIA	3.8	6	POLAND	4.2	6
LATVIA	3.8	6	LITHUANIA	4.2	6
CROATIA	3.6	8	CZECH REPUBLIC	4.2	6
BULGARIA	3.6	8	BULGARIA	3.7	9
SLOVENIA	3.5	10	ROMANIA	3.5	10
ROMANIA	3.4	11	CROATIA	3.2	11
ARMENIA	3.3	12	SERBIA	3.2	11
GEORGIA	3.2	13	MONTENEGRO	3.1	13
KYRGYZ REPUBLIC	3.1	14	MACEDONIA	3.1	13
ALBANIA	3.0	15	ALBANIA	3.1	13
MACEDONIA	3.0	15	BOSNIA AND HERZEGOVINA	3.0	16
RUSSIA	3.0	15	UKRAINE	2.9	17
MOLDOVA	2.9	18	GEORGIA	2.4	18
KAZAKHSTAN	2.9	18	MOLDOVA	2.4	18
UKRAINE	2.9	18	ARMENIA	2.2	20
AZERBAIJAN	2.7	21	KOSOVO	2.1	21
SERBIA	2.6	22	KYRGYZ REPUBLIC	1.9	22
BOSNIA AND HERZEGOVINA	2.6	22	RUSSIA	1.7	23
MONTENEGRO	2.4	24	TAJIKISTAN	1.7	23
TAJIKISTAN	2.3	25	AZERBAIJAN	1.7	23
UZBEKISTAN	2.1	26	KAZAKHSTAN	1.4	26
KOSOVO	2.1	26	UZBEKISTAN	1.1	27
BELARUS	1.8	28	BELARUS	1.2	28
TURKMENISTAN	1.3	29	TURKMENISTAN	1.0	29
	<b>Rating (1 to 5)</b>		<b>Rating (1 to 5)</b>		
<b>CEE &amp; EURASIA</b>	3.1		2.9		
<b>NORTHERN TIER CEE</b>	3.9		4.3		
<b>SOUTHERN TIER CEE</b>	3.1		3.2		
<b>EURASIA</b>	2.6		1.8		
<b>INDUSTRIAL COUNTRIES</b>	5.0		4.8		
<b>NORTHERN TIER CEE AT GRADUATION</b>	3.5		4.3		
<b>ROMANIA &amp; BULGARIA IN 2002</b>	3.4		3.4		

Ratings are based on a 1 to 5 scale, with 5 representing most advanced.  
 USAID calculations drawing from Freedom House, *Nations in Transit 2005 (2006)*  
 and EBRD, *Transition Report 2005* (November 2005).

TABLE 2. FIRST STAGE ECONOMIC POLICY REFORMS IN 2005								
	TRADE	SMALL SCALE	LARGE SCALE	PRICE	1ST STAGE			
	LIBERALIZATION	PRIVATIZATION	PRIVATIZATION	LIBERALIZATION	AVERAGE			
CZECH REPUBLIC	5.0	5.0	4.0	5.0	4.8			
ESTONIA	5.0	5.0	4.0	5.0	4.8			
HUNGARY	5.0	5.0	4.0	5.0	4.8			
LITHUANIA	5.0	5.0	4.0	↑	5.0	4.8 ↑		
SLOVAK REPUBLIC	5.0	5.0	4.0	5.0	4.8			
LATVIA	5.0	5.0	3.7	5.0	4.7			
POLAND	5.0	5.0	3.3	5.0	4.6			
ARMENIA	5.0	4.0	3.7	↑	5.0	4.4 ↑		
BULGARIA	5.0	3.7	4.0	5.0	4.4			
GEORGIA	5.0	4.0	3.7	↑	5.0	4.4 ↑		
KYRGYZ REPUBLIC	5.0	4.0	3.7	5.0	4.4			
ROMANIA	5.0	3.7	3.7	5.0	4.3			
CROATIA	5.0	5.0	3.3	4.0	4.3			
ALBANIA	5.0	4.0	3.0	5.0	4.3			
SLOVENIA	5.0	5.0	3.0	4.0	4.3			
MACEDONIA	5.0	4.0	3.3	4.0	4.1			
MOLDOVA	5.0	3.7	3.0	3.7	3.8			
KAZAKHSTAN	3.3	4.0	3.0	4.0	3.6			
RUSSIA	3.3	4.0	3.0	↓	4.0	3.6 ↓		
UKRAINE	3.3	↑	4.0	3.0	4.0	3.6 ↑		
MONTENEGRO	3.7	3.0	3.3	↑	4.0	3.5		
SERBIA	3.7	↑	3.3	2.7	↑	4.0	3.4 ↑	
AZERBAIJAN	4.0	↑	3.7	2.0	4.0	3.4 ↑		
BOSNIA AND HERZEGOVINA	3.7	3.0	2.7	↑	4.0	3.3 ↑		
TAJKISTAN	3.3	4.0	↑	2.3	3.7	3.3 ↑		
KOSOVO	3.7	3.0	↑	1.0	4.0	2.9		
UZBEKISTAN	2.0	↑	3.0	2.7	2.7	2.6 ↑		
BELARUS	2.3	2.3	1.0	2.7	2.1			
TURKMENISTAN	1.0	2.0	1.0	2.7	1.7			
CEE & EURASIA	4.2	4.0	3.1	↑	4.3	3.9		
NORTHERN TIER CEE	5.0	5.0	3.8	↑	4.9	4.7		
SOUTHERN TIER CEE	4.6	3.8	3.2	↑	4.4	4.0		
EURASIA	3.6	↑	3.6	↑	2.7	↑	3.9	3.4 ↑
INDUSTRIAL COUNTRIES	5.0	5.0	5.0	5.0	5.0			
ROMANIA & BULGARIA 2002	4.5	3.7	3.5	5.0	4.2			
NORTH. TIER CEE AT GRADUATION	4.8	4.9	3.5	4.5	4.4			

Ratings are based on a 1 to 5 scale, with 5 being most advanced. A "↑" indicates an advancement from September 2004 to September 2005.

EBRD, *Transition Report 2005* (November 2005).

TABLE 3. SECOND STAGE ECONOMIC POLICY REFORMS IN 2005												
	ENTERPRISE		COMPETITION		BANK		CAPITAL		INFRASTRUCTURE		2ND STAGE	
	GOVERNANCE		POLICY		REFORM		MKT. REFORM		REFORM		AVERAGE	
HUNGARY	3.7	↑	3.0		4.0		4.0	↑	3.7		3.7	↑
POLAND	3.7	↑	3.0		3.7	↑	3.7		3.3		3.5	↑
CZECH REPUBLIC	3.3		3.0		4.0	↑	3.7	↑	3.3		3.5	↑
ESTONIA	3.7	↑	2.7		4.0		3.3		3.3		3.4	↑
SLOVAK REPUBLIC	3.7	↑	3.0		3.7		2.7		3.0		3.2	↑
LATVIA	3.0		2.7		3.7		3.0		3.0		3.1	
LITHUANIA	3.0		3.0		3.7	↑	3.0		2.7		3.1	↑
CROATIA	3.0		2.3		4.0		2.7		3.0		3.0	
SLOVENIA	3.0		2.7		3.3		2.7		3.0		2.9	
BULGARIA	2.7		2.7	↑	3.7		2.3		3.0		2.9	↑
ROMANIA	2.3	↑	2.3		3.0		2.0		3.3		2.6	↑
RUSSIA	2.3		2.3		2.3	↑	2.7		2.7		2.5	↑
ARMENIA	2.3		2.3	↑	2.7	↑	2.0		2.3		2.3	↑
KAZAKHSTAN	2.0		2.0		3.0		2.3		2.3		2.3	
UKRAINE	2.0		2.3		2.7	↑	2.3		2.0		2.3	↑
GEORGIA	2.3	↑	2.0		2.7		1.7		2.3		2.2	↑
MOLDOVA	2.0	↑	2.0		2.7		2.0		2.3	↑	2.2	↑
MACEDONIA	2.3		2.0		2.7		2.0		2.0		2.2	
ALBANIA	2.0		2.0		2.7		1.7		2.0		2.1	
AZERBAIJAN	2.3		2.0		2.3		1.7		2.0		2.1	
SERBIA	2.3	↑	1.0		2.7	↑	2.0		2.0		2.0	↑
KYRGYZ REPUBLIC	2.0		2.0		2.3		2.0		1.7		2.0	
BOSNIA AND HERZ.	2.0		1.0		2.7		1.7		2.3		1.9	
UZBEKISTAN	1.7		1.7		1.7		2.0		1.7		1.7	
BELARUS	1.0		2.0		1.7		2.0		1.3		1.6	
MONTENEGRO	2.0		1.0		2.3		1.7		1.0		1.6	
TAJIKISTAN	1.7		1.7		2.0		1.0		1.3		1.5	
KOSOVO	1.7		1.7	↑	2.0		1.0		1.0		1.5	
TURKMENISTAN	1.0		1.0		1.0		1.0		1.0		1.0	
CEE & EURASIA	2.4	↑	2.1		2.9	↑	2.3		2.3		2.4	↑
NORTHERN TIER CEE	3.4	↑	2.9		3.8	↑	3.3	↑	3.2		3.3	↑
SOUTHERN TIER CEE	2.3		1.9	↑	3.0		2.0		2.4		2.3	↑
EURASIA	1.9	↑	1.9		2.3	↑	1.9		1.9		2.0	↑
INDUSTRIAL COUNTRIES	5.0		5.0		5.0		5.0		5.0		5.0	
ROMANIA & BULG. 2002	2.2		2.3		3.0		2.2		2.9		2.5	
NORTHERN TIER CEE AT GRADUATION	2.9		2.6		3.2		2.8		2.7		2.8	

Ratings are based on a 1 to 5 scale, with 5 being most advanced. A "↑" indicates an advancement from September 2004 to September 2005.

EBRD, *Transition Report 2005* (November 2005).

TABLE 4. DEMOCRATIC REFORMS IN 2005									
	ELECTORAL PROCESS	CIVIL SOCIETY	INDEPENDENT MEDIA	NATIONAL GOVERNANCE	LOCAL GOV.	RULE OF LAW	CORRUPTION	AVERAGE	
SLOVENIA	4.7	4.5	4.5 ↓	4.3	4.7	4.7	4.2 ↓	4.5	
ESTONIA	4.7	4.3	4.7	4.2	4.0	4.7	4.0	4.4	
SLOVAK REPUBLIC	4.8	4.8	4.2	4.3	4.3 ↑	4.3	3.7	4.4 ↑	
HUNGARY	4.8	4.8	4.0	4.3	4.2	4.5	3.7 ↓	4.3 ↓	
LATVIA	4.5	4.5	4.7	4.3 ↑	4.0	4.5	3.5 ↑	4.3 ↑	
POLAND	4.5	4.8	4.5 ↓	3.8 ↓	4.3	4.2 ↓	3.5 ↓	4.2 ↓	
LITHUANIA	4.5	4.7	4.5	4.0	4.0	4.7 ↑	3.0 ↓	4.2	
CZECH REPUBLIC	4.3	4.7	4.3	4.0	4.3	4.2 ↑	3.3	4.2 ↑	
BULGARIA	4.5	3.8	3.5 ↑	3.7 ↑↑	3.7 ↑↑	3.7 ↑	3.2 ↑	3.7 ↑	
ROMANIA	3.8	4.2	3.0	3.3	3.7	3.0	2.8	3.5	
CROATIA	3.5 ↓	3.8 ↑	3.2	3.3	3.2	2.8 ↑	2.5	3.2	
SERBIA	3.5	3.8	3.5	3.0	3.2	2.8	2.5 ↑	3.2	
MONTENEGRO	3.3 ↓	3.7 ↓	3.5	2.7	3.3	2.8	2.2	3.1	
MACEDONIA	3.5 ↓	3.5	2.8	3.2 ↑	3.2 ↑	3.2	2.5 ↑	3.1 ↑	
ALBANIA	3.3 ↑	3.7 ↑	3.2 ↑	3.0	3.8 ↑	2.8 ↑	2.2	3.1 ↑	
BOSNIA AND HERZ.	3.7 ↑	3.2	3.0	2.5	2.5	3.0 ↑	2.8 ↑	3.0 ↑	
UKRAINE	3.5 ↑	3.8 ↑	3.2 ↑↑	2.7 ↑	2.2	2.8	1.8	2.9 ↑	
GEORGIA	2.5	3.3	2.8	2.0	1.8 ↑	2.5 ↑	2.0 ↑	2.4 ↑	
MOLDOVA	3.2 ↑	3.0	2.3	1.8	1.8	2.7 ↑	1.7 ↑	2.4 ↑	
ARMENIA	1.8	3.3	2.0	2.3	2.0	2.3 ↑	1.8	2.2	
KOSOVO	2.5	2.8 ↓	2.0	1.8	2.0	1.8	1.7	2.1	
KYRGYZ REPUBLIC	1.8 ↑	2.7	1.8	1.7	1.5 ↓	2.0	1.7	1.9	
RUSSIA	1.5 ↓	2.3 ↓	1.7	1.7 ↓	1.8	2.2	1.7 ↓	1.8 ↓	
TAJKISTAN	1.5 ↓	2.3 ↓	1.5 ↓	1.5 ↓	1.8	1.8	1.5	1.7 ↓	
AZERBAIJAN	1.3 ↓	2.3 ↓	1.7	1.7	1.7	1.8	1.5	1.7 ↓	
KAZAKHSTAN	1.3	1.8 ↓	1.2 ↓	1.2 ↓	1.5	1.5	1.3	1.4 ↓	
BELARUS	1.0	1.2	1.2	1.0 ↓	1.3	1.2	1.5 ↓	1.2 ↓	
UZBEKISTAN	1.2	1.0 ↓	1.0 ↓	1.0 ↓	1.2 ↓	1.2 ↓	1.3 ↓	1.1 ↓	
TURKMENISTAN	1.0	1.0	1.0	1.0	1.0	1.0	1.2 ↓	1.0	
CEE & EURASIA	3.1	3.4	2.9	2.7	2.8	2.9	2.4	2.9	
NORTHERN TIER CEE	4.6	4.6	4.4 ↓	4.2	4.2	4.5 ↑	3.6 ↓	4.3	
SOUTHERN TIER CEE	3.6	3.7 ↑	3.1 ↑	3.1 ↑	3.3 ↑	3.0 ↑	2.6 ↑	3.2 ↑	
EURASIA	1.8	2.3 ↓	1.8	1.6 ↓	1.7 ↓	1.9	1.6	1.8	
ROM. & BULG. 2002	4.3	3.5	3.3	3.2	3.2	3.3	2.8	3.4	
NORTHERN TIER CEE AT GRADUATION	4.5	4.5	4.5	4.1	4.1	4.4	3.6	4.3	

Ratings are based on a scale from 1 to 5, with 1 representing most advanced--or, in the case of corruption, most free.

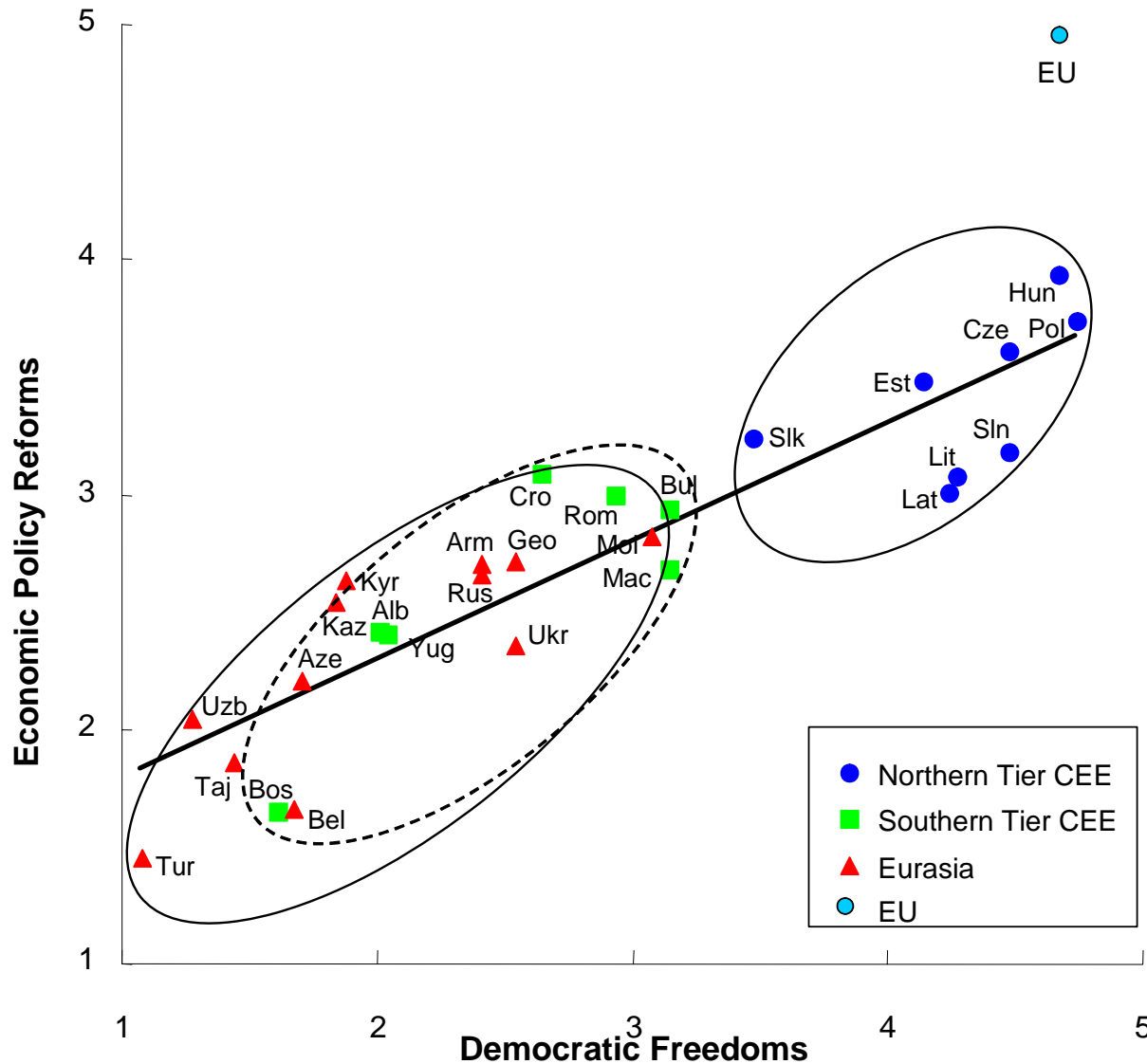
A "↑" indicates an increase in democratization since 2002; a "↓" signifies a decrease. One arrow represents a change greater than 0.1 and less than 0.5; two arrows represents change 0.5 and greater.

Data depict trends from November 2004 through December 2005.

Freedom House, *Nations in Transit 2006* (2006).

Figure 2

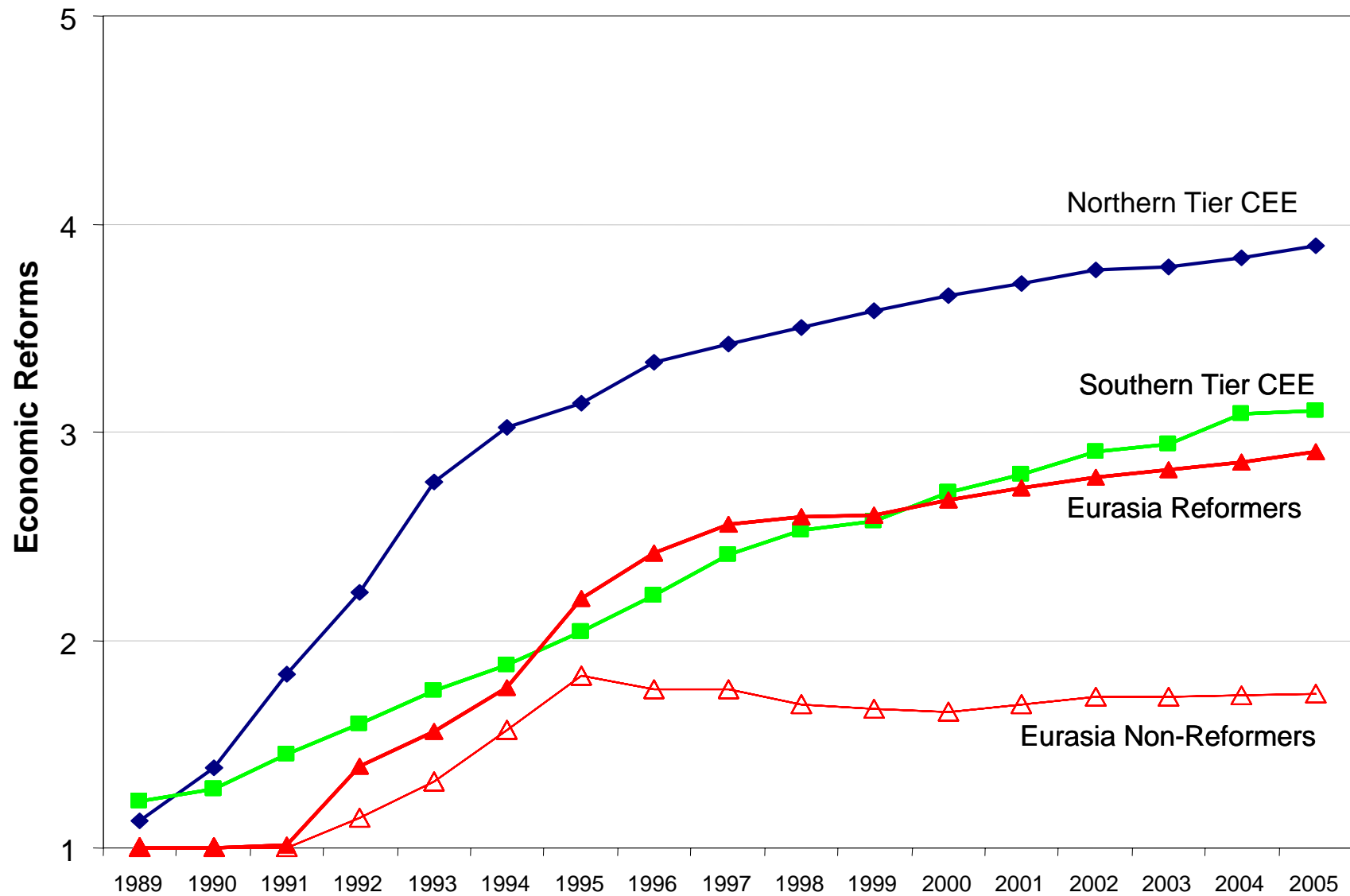
## Economic and Democratic Reforms in 1998



Ratings of democratic freedoms are from Freedom House, *Nations in Transit 1998* (October 1998) and Freedom House, *Freedom in the World 1998-1999* (June 1999), and assess reforms through December 1998. With 1 exception, economic policy reform ratings are from EBRD, *Transition Report 1998* (November 1998), and cover events through early September 1998; economic policy reform rating for Yugoslavia is from Freedom House (October 1998). Ratings are based on a 1 to 5 scale, with 5 representing most advanced.

Figure 3

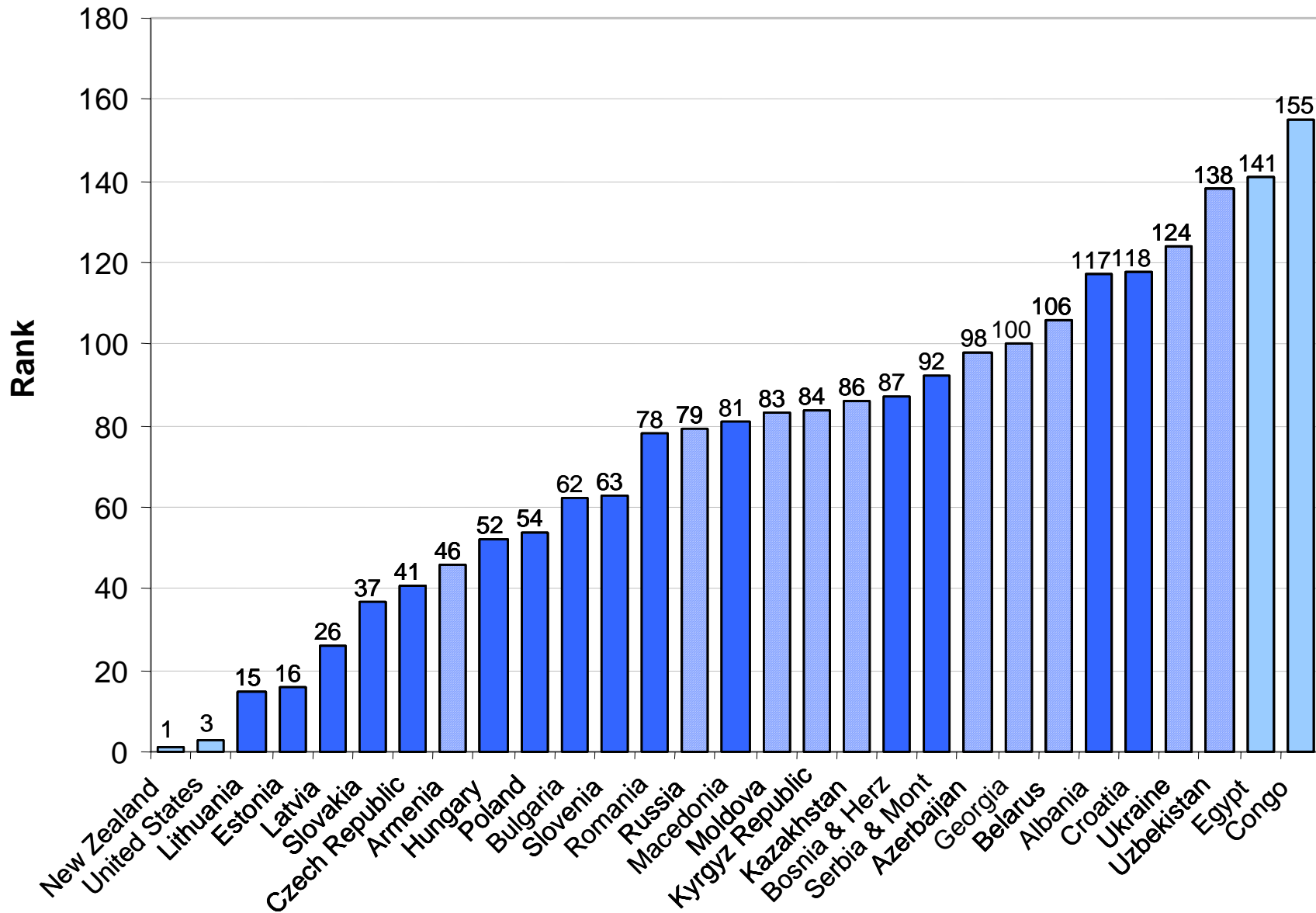
# Economic Reform



Ratings are based on a 1 to 5 scale, with 5 representing most advanced. EBRD, *Transition Report 2005* (November 2005 and earlier editions). Eurasia non-reformers include Uzbekistan, Belarus & Turkmenistan.

Figure 4

# Business Environment in 2005

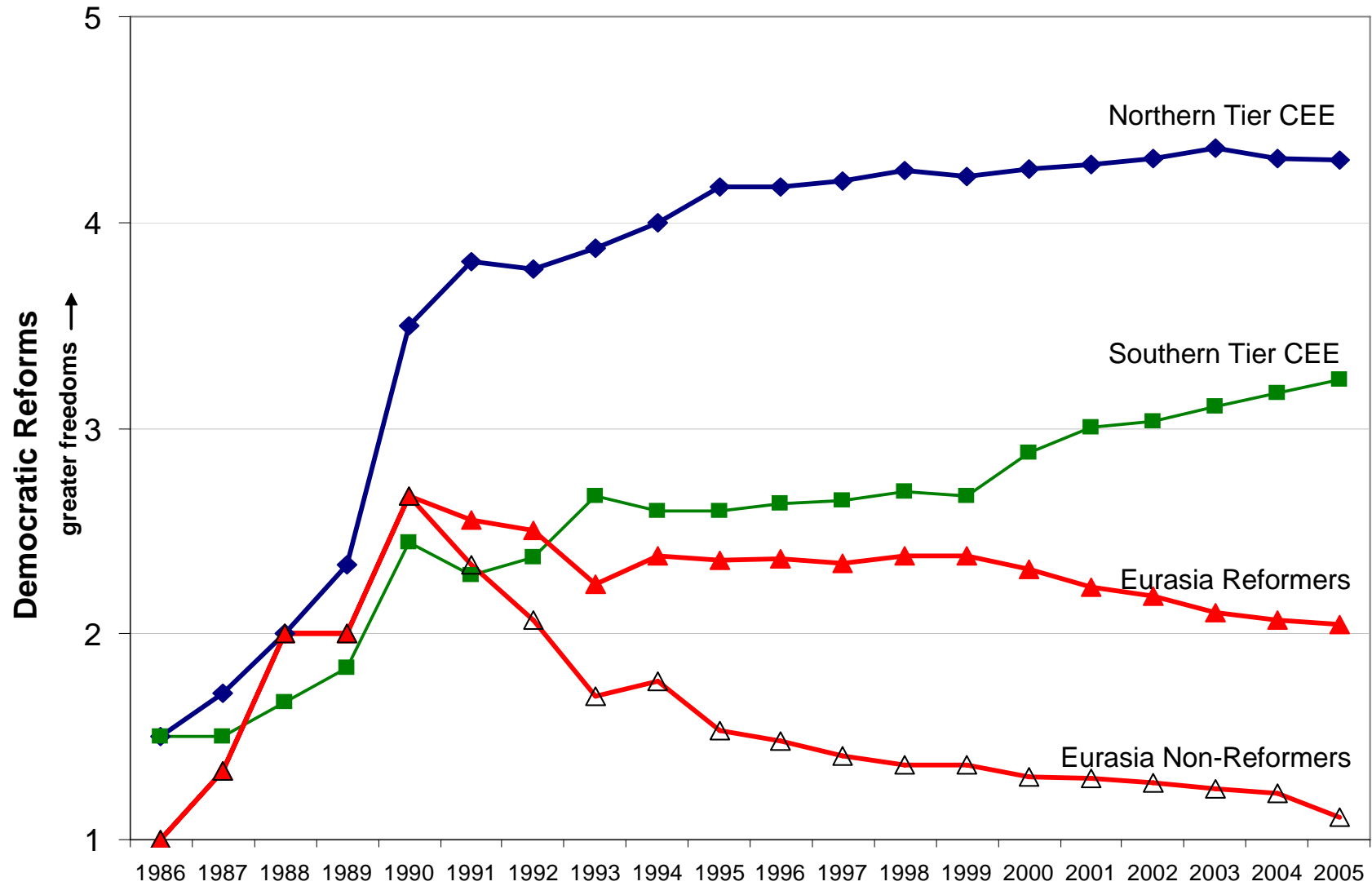


World Bank, *Doing Business in 2006* (September 2005). Worldwide scores range from 1 to 155 and include 10 topics: starting a business, dealing with licenses, hiring and firing workers, registering a property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts, closing a business.



Figure 5

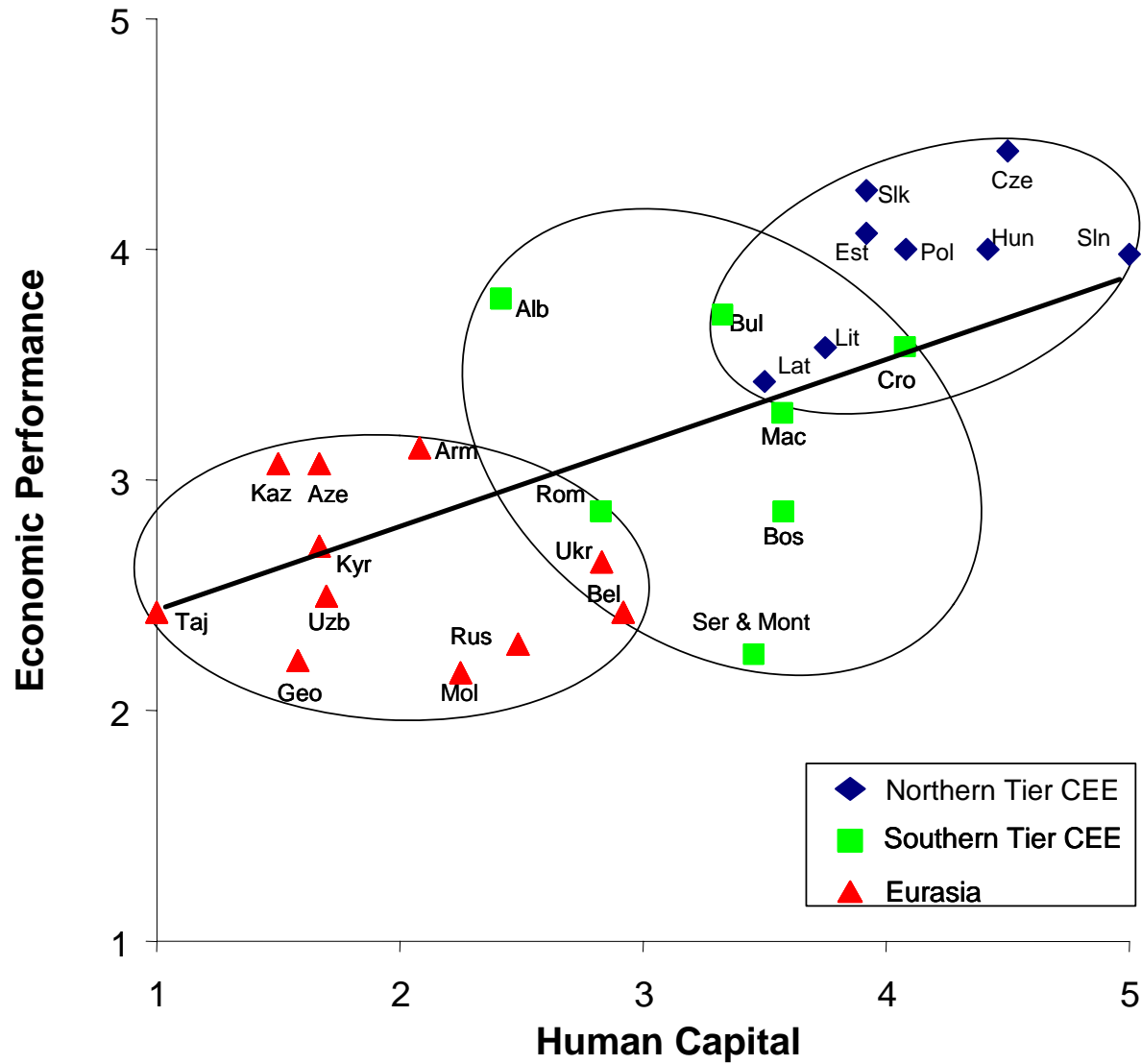
# Democratic Reforms



Ratings from 1 to 5, with 5 representing greatest development of political rights/civil liberties. The data are an aggregation of Freedom House's political rights and civil liberties indices; Freedom House, *Freedom in the World 2005* (2005 and previous editions), *Nations in Transit* (2006). Eurasia non-reformer include Uzbekistan, Belarus & Turkmenistan.

Figure 6

## Economic Performance and Human Capital in 2003-2005



World Bank, *World Development Indicators 2005* (2005); UNICEF, *TransMONEE Database 2005* (December 2005); EBRD, *Transition Report* (November 2005); UNECE, *SME Databank* (2003).

<b>TABLE 5. ECONOMIC PERFORMANCE AND HUMAN CAPITAL IN CENTRAL AND EASTERN EUROPE AND EURASIA: 2003-2005</b>					
	<b><u>ECONOMIC PERFORMANCE</u></b>		<b><u>HUMAN CAPITAL</u></b>		
	<b>RATING (1 to 5)</b>	<b>RANKING</b>	<b>RATING (1 to 5)</b>	<b>RANKING</b>	
CZECH REPUBLIC	4.4	1	SLOVENIA	5.0	1
SLOVAKIA	4.3	2	CZECH REPUBLIC	4.5	2
ESTONIA	4.1	3	HUNGARY	4.4	3
POLAND	4.0	4	CROATIA	4.1	4
HUNGARY	4.0	4	POLAND	4.1	4
SLOVENIA	3.9	6	ESTONIA	3.9	6
ALBANIA	3.8	7	SLOVAKIA	3.9	6
BULGARIA	3.7	8	LITHUANIA	3.8	8
CROATIA	3.6	9	BOSNIA & HERZEGOVINA	3.6	9
LITHUANIA	3.6	9	MACEDONIA	3.6	9
LATVIA	3.4	11	LATVIA	3.5	11
MACEDONIA	3.3	12	SERBIA & MONTENEGRO	3.4	12
ARMENIA	3.1	13	BULGARIA	3.3	13
AZERBAIJAN	3.1	13	BELARUS	2.9	14
KAZAKHSTAN	3.1	13	ROMANIA	2.8	15
ROMANIA	2.9	16	UKRAINE	2.8	15
BOSNIA & HERZEGOVINA	2.9	16	RUSSIA	2.5	17
KYRGYZ REPUBLIC	2.7	18	ALBANIA	2.4	18
UKRAINE	2.6	19	MOLDOVA	2.3	19
UZBEKISTAN	2.5	20	ARMENIA	2.1	20
BELARUS	2.4	21	UZBEKISTAN	1.7	21
TAJIKISTAN	2.4	21	AZERBAIJAN	1.7	21
RUSSIA	2.3	23	KYRGYZ REPUBLIC	1.7	21
GEORGIA	2.2	24	GEORGIA	1.6	24
MOLDOVA	2.2	24	KAZAKHSTAN	1.5	25
SERBIA & MONTENEGRO	2.2	24	TAJIKISTAN	0.8	26
	<b>Rating (1 to 5)</b>			<b>Rating (1 to 5)</b>	
CEE & EURASIA	3.2			3.0	
NORTHERN TIER CEE	4.0			4.1	
SOUTHERN TIER CEE	3.2			3.3	
EURASIA	2.6			2.1	
EUROPEAN UNION -15	4.7			4.7	
NORTHERN TIER CEE AT GRADUATION	3.2			3.9	
ROMANIA & BULGARIA IN 2002	2.9			3.1	

Ratings are based on a 1 to 5 scale, with 5 representing most advanced.  
 USAID calculations drawing from World Bank, *World Development Indicators 2006* (2006); EBRD, Transition Report (November 2005);  
 UNECE, *SME Databank* (2003); UNICEF, TransMONEE Database (December 2005).

**TABLE 6. INDICATORS OF SUSTAINABILITY: ECONOMIC STRUCTURE**

	EXPORT SHARE		EXPORT SHARE		SME SHARE OF EMPLOYMENT		SME SHARE OF EMPLOYMENT		FDI CUMULATIVE		PRIVATE SECTOR SHARE	
	(% OF GDP)		(% OF GDP)		(% )		(% )		PER CAPITA		OF GDP	
	2004		1990		2001		1990-94		1989-05		2005	
CZECH REPUBLIC	72	4.5	45	56.2	4.0	25.0	4,930	5.0	80	5.0		
ESTONIA	78	5.0	60	55.5	4.0	---	4,867	5.0	80	5.0		
HUNGARY	65	4.0	31	49.5	3.5	35.0	3,784	5.0	80	5.0		
SLOVAKIA	77	5.0	27	57.7	4.0	---	2,461	5.0	80	5.0		
POLAND	39	1.5	29	65.4	5.0	19.0	1,480	4.0	75	4.5		
LITHUANIA	54	3.0	52	31.6	2.5	25.0	1,410	4.0	75	4.5		
BULGARIA	58	3.5	33	64.7	4.5	---	1,415	4.0	75	4.5		
ALBANIA	21	0.5	15	75	5.0	---	547	2.0	75	4.5		
ARMENIA	39	1.5	35	25.8	2.0	---	416	2.0	75	4.5		
KYRGYZ REPUBLIC	43	2.0	29	59	4.0	---	129	1.0	75	4.5		
LATVIA	44	2.0	48	69.9	5.0	40.0	1,968	4.5	70	4.0		
ROMANIA	37	1.5	17	20.8	1.5	---	982	3.0	70	4.0		
RUSSIA	35	1.0	18	20	1.5	5.0	90	0.5	65	3.5		
SLOVENIA	60	3.5	91	64.4	4.5	---	1,741	4.5	65	3.5		
KAZAKHSTAN	55	3.0	74	12.9	1.0	12.0	1,605	4.5	65	3.5		
MACEDONIA	40	1.5	26	64.3	4.5	---	633	2.5	65	3.5		
GEORGIA	31	1.0	40	12	1.0	---	495	2.0	65	3.5		
UKRAINE	61	4.0	28	10.8	1.0	4.0	184	1.0	65	3.5		
CROATIA	47	2.5	78	67	5.0	---	2,241	5.0	60	3.0		
AZERBAIJAN	50	2.5	44	2.7	0.5	---	1,329	4.0	60	3.0		
MOLDOVA	51	3.0	48	8.2	0.5	---	246	1.5	60	3.0		
SERBIA & MONT	24	0.5	---	32.4	2.5	---	618	2.5	55	2.5		
BOSNIA & HERZ.	26	1.0	---	53	4.0	---	532	2.0	55	2.5		
TAJIKISTAN	46	2.5	28	35.9	3.5	---	80	0.5	50	2.0		
UZBEKISTAN	40	1.5	29	49.7	3.5	---	52	0.5	45	1.5		
TURKMENISTAN	66	4.5	---	60	4.5	---	463	2.0	25	0.5		
BELARUS	68	4.5	46	4.6	0.5	2.0	235	1.5	25	0.5		
CEE & EURASIA	49.1	2.6	40.5	41.8	3.1	18.6	1,294	2.9	64	3.5		
NORTHERN TIER CEE	61.1	3.6	47.9	56.3	4.1	28.8	2,830	4.6	76	4.6		
SOUTHERN TIER CEE	36.1	1.6	---	53.9	3.9	---	995	3.0	65	3.5		
EURASIA	45.5	2.3	39.0	25.2	2.0	5.8	462	1.9	56	2.6		
ROM & BULG 2002	44.3	2.0	---	43.5	3.3	---	519	2.3	70	4.0		
NORTHERN TIER CEE	---	---	---	---	---	---	---	---	---	---		
AT GRADUATION	53.2	3.0	---	48.3	3.8	---	898	2.7	71	4.1		

Shaded columns represent ratings based on a 1 to 5 scale, with 5 representing most advanced.

World Bank, World Development Indicators 2006 (2006), EBRD, Transition Report 2005 (November 2005).

SME data for 2001 are from UNECE, SME Databank (2003); 1990-94 SME data are from World Bank, Transition: The First Ten Years (2002); and Ayyagari, Beck, and Demircuc-Kunt, Small and Medium Enterprises across the Globe: A New Database, World Bank Policy Research Working Paper 3127, (August 2003).

**TABLE 7. INDICATORS OF SUSTAINABILITY: MACRO-ECONOMIC PERFORMANCE**

	ANNUAL AVERAGE								
	EXTERNAL DEBT		YEARS SINCE GDP	GROWTH SINCE GDP	INFLATION 3 YEAR	CONSECUTIVE YEARS			GDP%
	(% OF GDP)		SINCE GDP	BOTTOMED	AVERAGE	INFLATION UNDER 15%			OF 1989
	2004	2005	BOTTOMED	(%)	(%)	UNDER 15%			GDP
		2005	2005	2003-2005	2005	2005	2005	2005	2005
POLAND	52.3	3.0	14	4.3	2.1	5.0	9	147	5.0
ALBANIA	22.0	4.5	13	7.1	2.5	5.0	7	144	5.0
SLOVENIA	65.1	2.0	13	3.9	3.9	4.5	11	134	5.0
SLOVAKIA	57.7	2.5	12	4.5	6.1	4.0	12	127	4.5
HUNGARY	70.4	2.0	12	3.7	5.2	4.0	8	126	4.5
TURKMENISTAN	30.1	4.0	8	11.0	9.0	3.5	6	120	4.5
CZECH REPUBLIC	42.3	3.5	13	2.5	1.7	5.0	12	119	4.0
UZBEKISTAN	36.9	3.5	10	3.5	11.2	3.0	3	118	4.0
BELARUS	5.9	5.0	10	6.5	19.0	2.0	1	118	4.0
ESTONIA	89.1	1.0	11	5.6	2.7	5.0	9	112	4.0
KAZAKHSTAN	78.6	1.5	10	6.3	6.7	4.0	8	112	4.0
ARMENIA	33.3	4.0	12	7.7	4.0	4.5	9	106	3.5
ROMANIA	31.2	4.0	13	2.7	16.6	2.5	2	105	3.5
CROATIA	82.1	1.5	12	4.3	2.3	5.0	11	98	3.0
LATVIA	80.0	1.5	11	5.4	5.2	4.0	9	96	3.0
LITHUANIA	47.0	3.0	11	5.5	0.9	5.0	9	95	3.0
AZERBAIJAN	18.6	4.5	10	9.9	6.5	4.0	9	94	3.0
BULGARIA	69.3	2.0	8	4.4	4.2	4.5	7	93	3.0
RUSSIA	33.2	4.0	7	6.5	12.5	3.0	3	89	2.5
KYRGYZ REPUBLIC	95.3	0.5	10	5.2	4.0	4.5	5	83	2.5
MACEDONIA	44.8	3.5	10	1.9	0.3	5.0	10	82	2.5
TAJIKISTAN	39.7	3.5	9	7.5	10.4	3.0	2	75	2.0
BOSNIA & HERZEGOVINA	31.1	4.0	11	18.0	-0.4	5.0	7	63	1.5
UKRAINE	31.1	4.0	6	8.1	9.4	3.5	5	61	1.5
SERBIA & MONTENEGRO	62.4	2.5	12	3.3	12.3	3.0	0	58	1.0
GEORGIA	39.3	3.5	11	6.1	6.7	4.0	6	48	0.5
MOLDOVA	74.2	2.0	7	5.7	12.0	3.0	5	46	0.5
CEE & EURASIA	50	3.0	11	6.0	6.6	4.0	6.9	99	3.1
NORTHERN TIER CEE	63	2.3	12	4.4	3.5	4.6	9.9	120	4.1
SOUTHERN TIER CEE	49	3.1	11	6.0	5.4	4.3	6.3	92	2.8
EURASIA	40	3.3	9	7.1	9.5	3.5	5.2	89	2.7
ROM & BULG 2002	52	3.0			12.3	3.3		83	2.5
NORTH. TIER CEE AT GRADUATION	45	3.3			67.8	2.0		90	2.8

Shaded columns represent ratings based on a 1 to 5 scale, with 5 representing most advanced.

EBRD, *Transition Report 2005* (November 2005).

**TABLE 8. INDICATORS OF SUSTAINABILITY: HUMAN CAPITAL**

	SECONDARY SCHOOL ENROLLMENT		SECONDARY SCHOOL ENROLLMENT		UNDER 5 MORTALITY		PER CAPITA INCOME	
	(gross, % age 15-18)		(gross, % age 15-18)		(per 1,000)		(PPP, \$)	
	2003	2004	1989	1990	2004	1990	2005	2005
SLOVENIA	100.5	5.0	---	4	5.0	10	19,902	5.0
CZECH REPUBLIC	91.7	4.5	79.2	4	5.0	13	16,286	4.5
HUNGARY	99.3	5.0	72.6	8	4.5	17	14,421	4.0
SLOVAKIA	86.0	4.0	79.0	9	4.5	14	14,179	4.0
ESTONIA	79.7	4.0	58.4	8	4.5	16	13,669	4.0
LITHUANIA	68.0	3.0	73.7	8	4.5	13	12,153	3.5
POLAND	102.8	5.0	90.1	8	4.5	18	11,815	3.5
LATVIA	70.5	3.5	70.2	12	4.5	18	11,078	3.5
CROATIA	84.3	4.0	66.7	7	4.5	12	11,013	3.5
RUSSIA	69.9	3.0	77.8	21	4.0	29	9,585	3.0
BULGARIA	89.8	4.5	78.2	15	4.5	19	7,962	2.5
ROMANIA	74.5	3.0	89.9	20	4.0	31	7,733	2.5
MACEDONIA	72.2	3.5	---	14	4.5	38	6,946	2.0
KAZAKHSTAN	64.7	3.0	76.1	73	1.5	63	6,870	2.0
BELARUS	76.6	3.5	77.3	11	4.5	17	6,716	2.0
BOSNIA & HERZEGOVINA	73.0	3.5	---	15	4.5	22	6,606	2.0
TURKMENISTAN	28.8	0.5	66.8	103	0.5	97	6,282	2.0
UKRAINE	62.1	2.5	65.6	18	4.0	26	6,087	2.0
SERBIA & MONTENEGRO	76.0	3.5	---	15	4.5	28	5,227	2.0
ALBANIA	53.0	2.0	79.2	19	4.0	45	4,988	1.5
ARMENIA	49.2	2.0	67.5	32	3.5	60	4,173	1.5
AZERBAIJAN	45.8	1.5	62.8	90	1.0	105	3,736	1.5
GEORGIA	37.2	1.0	58.7	45	3.0	47	2,772	1.0
MOLDOVA	42.1	1.5	67.1	28	3.5	40	1,888	1.0
UZBEKISTAN	70.1	3.0	67.6	69	2.0	79	1,847	1.0
KYRGYZ REPUBLIC	46.9	2.0	65.0	68	2.0	80	1,810	1.0
TAJIKISTAN	29.3	0.5	60.1	93	0.5	119	1,150	1.0
CEE & EURASIA	68.3	3.0	71.7	30.3	3.6	39.9	8,033	2.5
NORTHERN TIER CEE	87	4.3	75	8	4.6	15	14,188	4.0
SOUTHERN TIER CEE	75	3.4	79	15	4.4	28	7,211	2.3
EURASIA	52	2.0	68	54	2.5	64	4,410	1.6
ROMANIA & BULGARIA 2002	80.0	3.8		18	4.3		6,760	2.3
NORTHERN TIER CEE								
AT GRADUATION	81.4	3.9		10	4.5		8,949	2.8

Shaded columns represent ratings based on a 1 to 5 scale, with 5 representing most advanced.

World Bank, *World Development Indicators 2006 (2006)*; EBRD *Transition Report 2005 (November 2005)*; and UNICEF, *TransMONEE Database (December 2005)*.

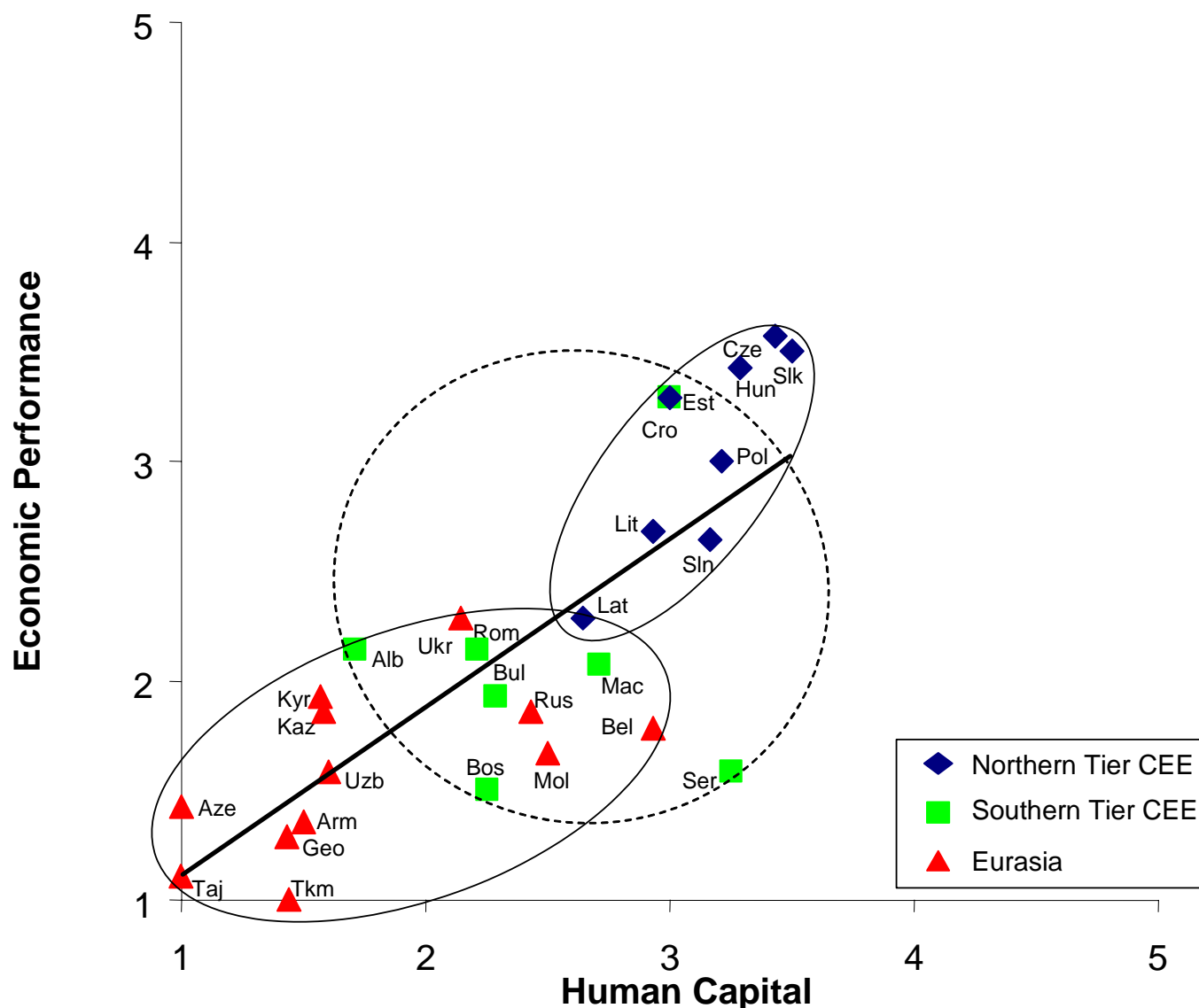
**TABLE 9. INDICATORS OF SUSTAINABILITY: HUMAN CAPITAL**

	PUBLIC EXPENDITURE ON HEALTH (% GDP)		PUBLIC EXPENDITURE ON HEALTH (% GDP)		PUBLIC EXPENDITURE ON EDUCATION (% GDP)		PUBLIC EXPENDITURE ON EDUCATION (% GDP)		LIFE EXPECTANCY (Years)	LIFE EXPECTANCY (Years)
	2003		1989		2004		1989		1990	2004
SLOVENIA	6.8	5.0	5.6	6.1	5.0	---	---	73	77	5.0
CZECH REP.	6.8	5.0	4.2	4.4	3.0	4.0	---	71	76	5.0
CROATIA	6.5	5.0	---	4.5	3.0	---	---	72	75	4.5
POLAND	4.5	3.0	4.9	5.6	4.5	4.8	---	71	74	4.0
ALBANIA	2.7	1.5	2.9	2.6	1.5	4.0	---	72	74	4.0
BOSNIA & HERZ.	4.8	3.5	3.2	5.2	4.0	---	---	72	74	4.0
SLOVAKIA	5.2	4.0	5.0	4.4	3.0	5.1	---	71	74	4.0
MACEDONIA	6.0	5.0	---	3.5	2.3	---	---	72	74	4.0
SERBIA & MONT.	5.4	4.0	3.6	3.6	2.5	---	---	72	73	4.0
HUNGARY	6.1	5.0	5.2	5.5	4.0	5.7	---	69	73	4.0
LITHUANIA	5.0	3.5	2.8	5.9	4.5	4.5	---	71	72	3.5
BULGARIA	4.1	3.0	6.4	3.5	2.0	5.0	---	72	72	3.5
AZERBAIJAN	0.9	0.5	3.1	3.2	2.0	6.9	---	71	72	3.5
ESTONIA	4.6	3.5	---	5.7	4.5	---	---	69	72	3.5
ARMENIA	1.3	0.5	2.4	3.2	2.0	7.5	---	69	71	3.0
GEORGIA	0.9	0.5	4.1	2.2	1.0	6.4	---	70	71	3.0
LATVIA	3.3	2.0	2.5	5.8	4.5	4.5	---	69	71	3.0
ROMANIA	3.8	2.5	2.5	3.5	2.0	2.2	---	70	71	3.0
UKRAINE	3.7	2.5	3.3	5.4	4.0	5.3	---	70	68	2.0
BELARUS	4.1	3.0	2.7	3.8	2.5	4.6	---	71	68	2.0
KYRGYZ REPUBLIC	2.2	1.0	3.2	3.1	2.0	6.0	---	68	68	2.0
MOLDOVA	3.9	2.5	4.0	4.9	3.5	7.8	---	68	68	2.0
UZBEKISTAN	2.4	1.0	4.6	---	---	---	---	69	67	1.5
RUSSIA	3.0	1.5	2.4	3.8	2.5	3.6	---	69	65	1.0
KAZAKHSTAN	2.0	0.5	4.3	3.0	1.5	2.1	---	68	65	1.0
TAJIKISTAN	0.9	0.5	4.5	2.8	1.5	2.4	---	63	64	0.5
TURKMENISTAN	2.6	1.5	3.8	2.6	1.5	3.6	---	63	63	0.5
CEE & EURASIA	3.8	2.6	3.8	4.1	2.8	4.8	---	70	71	3.0
NORTHERN TIER CEE	5.3	3.9	4.3	5.4	4.1	4.8	---	71	73	3.9
SOUTHERN TIER CEE	4.8	3.5	3.7	3.8	2.4	3.7	---	71	73	3.7
EURASIA	2.3	1.3	3.5	3.5	2.2	5.1	---	69	68	2.0
ROM & BULGARIA '02	3.7	2.5	---	3.8	2.5	---	---	---	71	3.3
NORTHERN TIER CEE	---	---	---	---	---	---	---	---	---	---
AT GRADUATION	5.4	3.9	---	5.6	4.2	---	---	---	73	3.8

Shaded columns represent ratings based on a 1 to 5 scale, with 5 representing most advanced. Data for public expenditure on education and health in 1989 in Eurasia are from 1991. Data for public expenditure on education in 2004 preliminary in Albania, Bosnia & Herzegovina, Serbia & Montenegro, Belarus and Turkmenistan are from 2002, UNICEF, *TransMONEE Database* (2005).

Figure 7

# Economic Performance and Human Capital in 1997

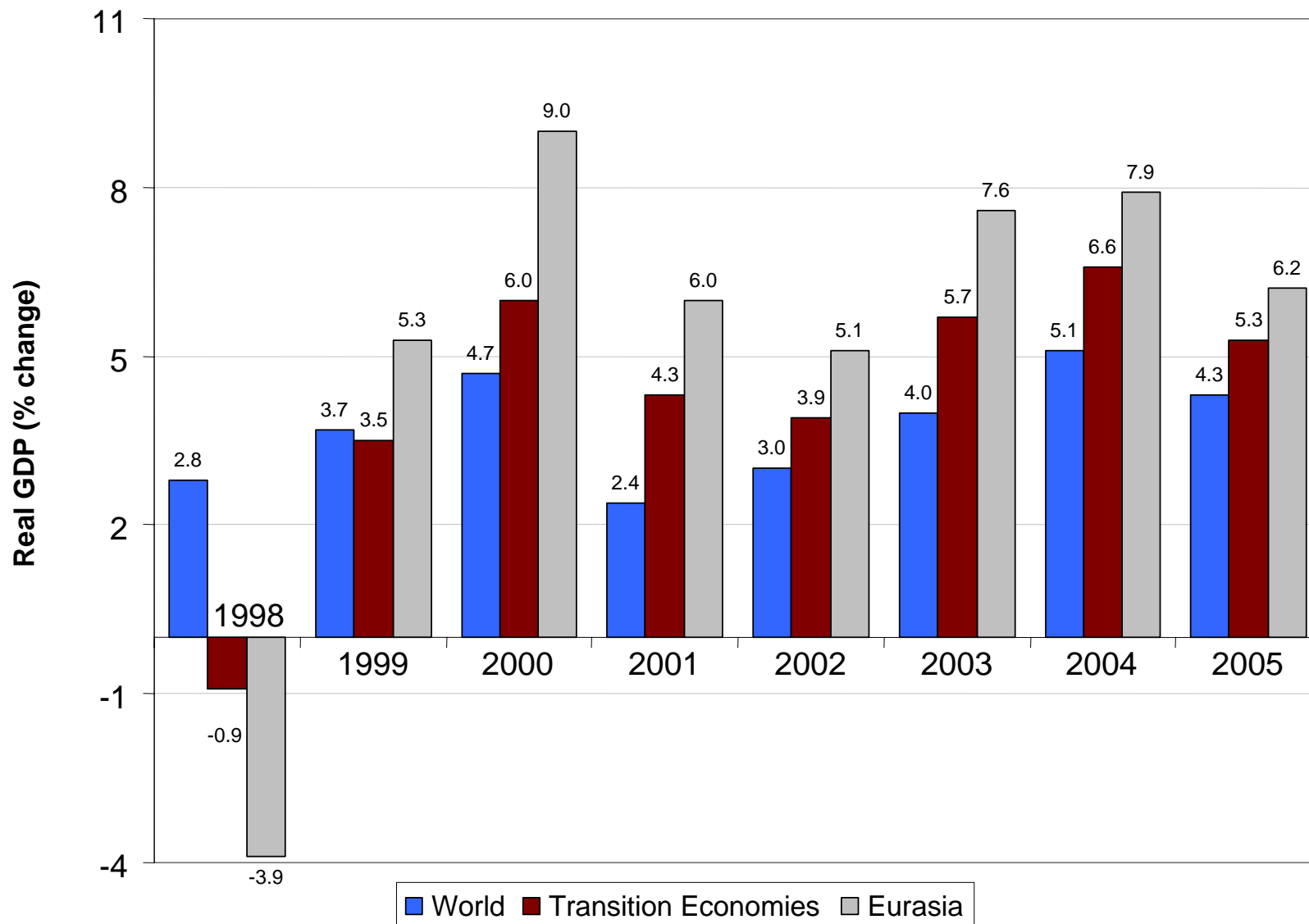


World Bank, *World Development Indicators 2005* (2005 and earlier versions); UNICEF, *Social Monitor 2004* (2004); EBRD, *Transition Report* (April 2005 and earlier version), TransMONEE Database (2005 and earlier versions); Ayyagari, Beck, and Demircuc-Kunt, *Small and Medium Enterprises across the Globe: A New Database*, World Bank Policy Research Working Paper 3127, (August 2003). SME data are from 1998.



Figure 8

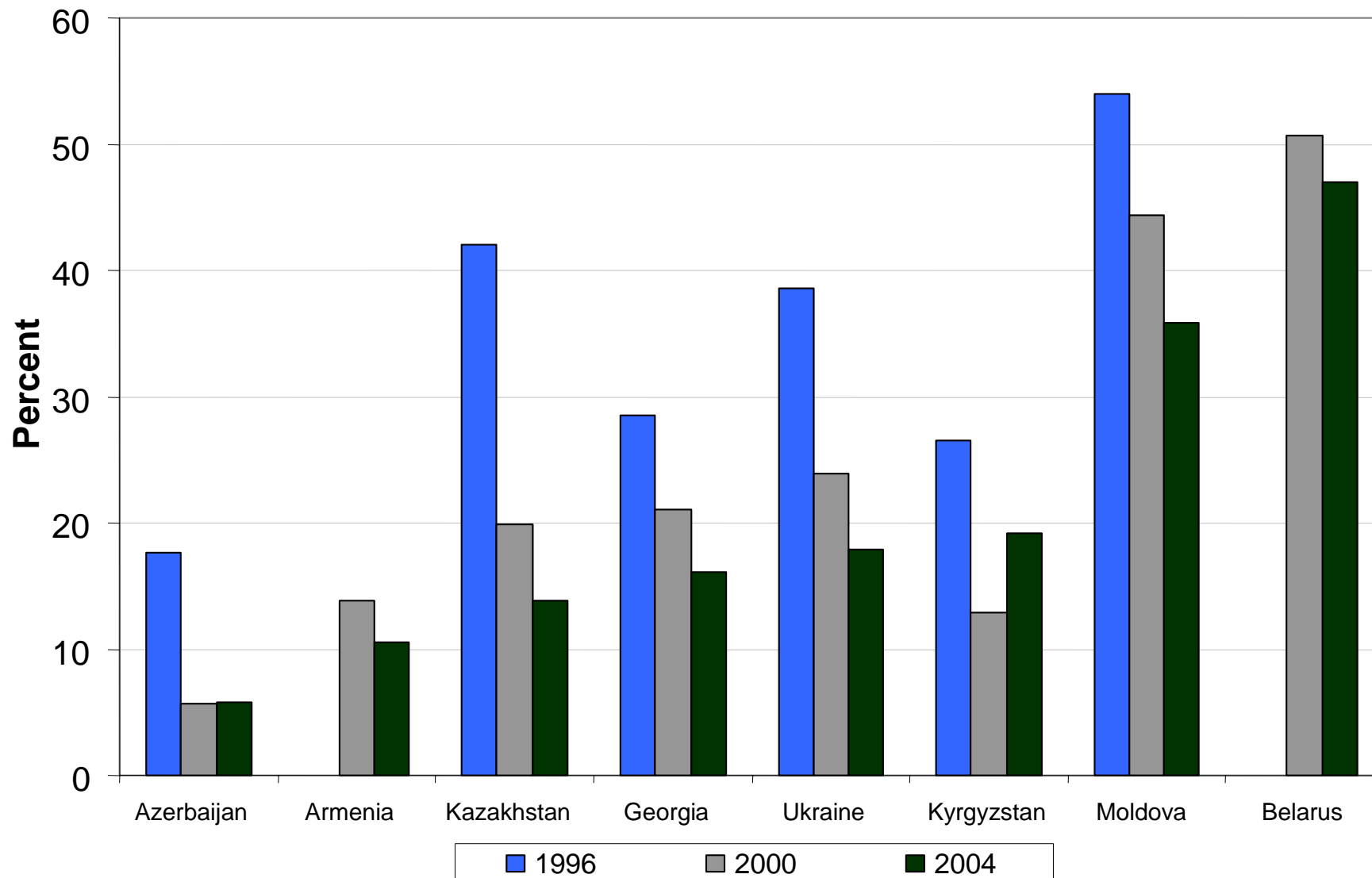
## Economic Growth Trends Worldwide



EBRD, *Transition Report 2005* (October 2005); and IMF, *World Economic Outlook* (September 2005).

Figure 9

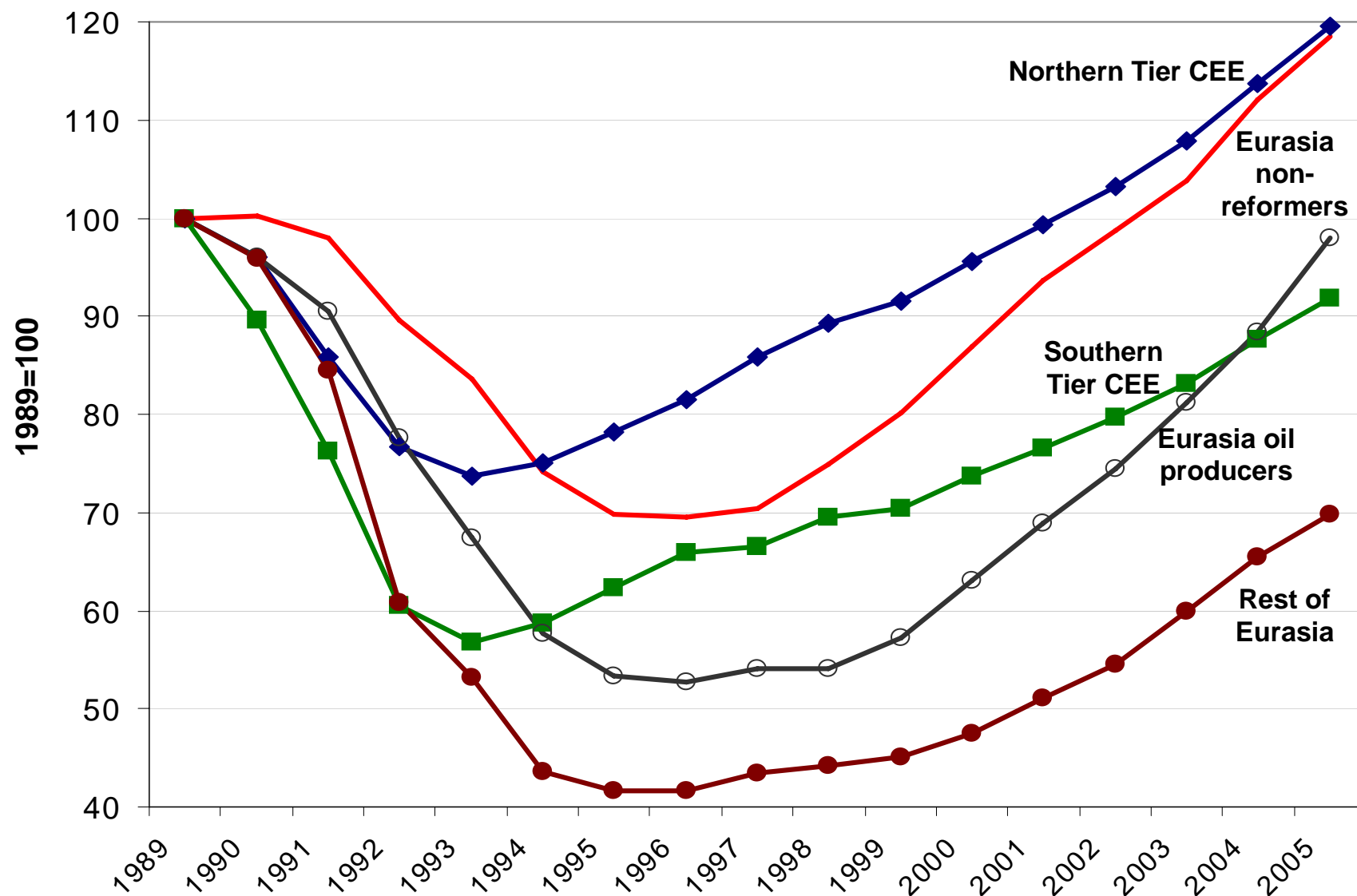
## Percentage of Eurasian Exports Destined for Russia



United Nations, *Comtrade Statistical Database 2006*.

Figure 10

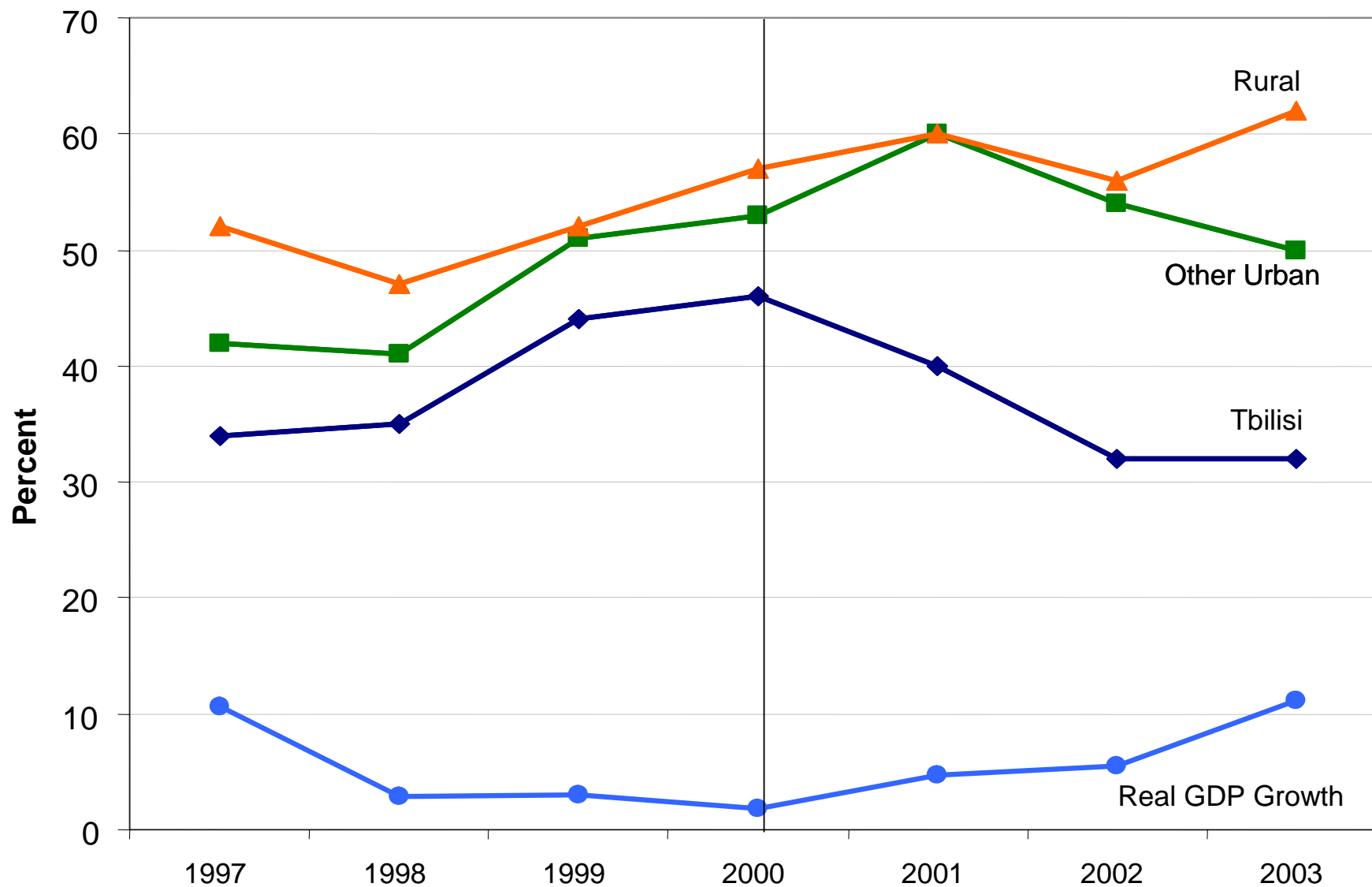
## GDP as % 1989 GDP



EBRD, *Transition Report 2005* (November 2005). Eurasia non-reformer include Uzbekistan, Belarus & Turkmenistan and Eurasia oil producers include Russia, Kazakhstan and Azerbaijan.

Figure 11

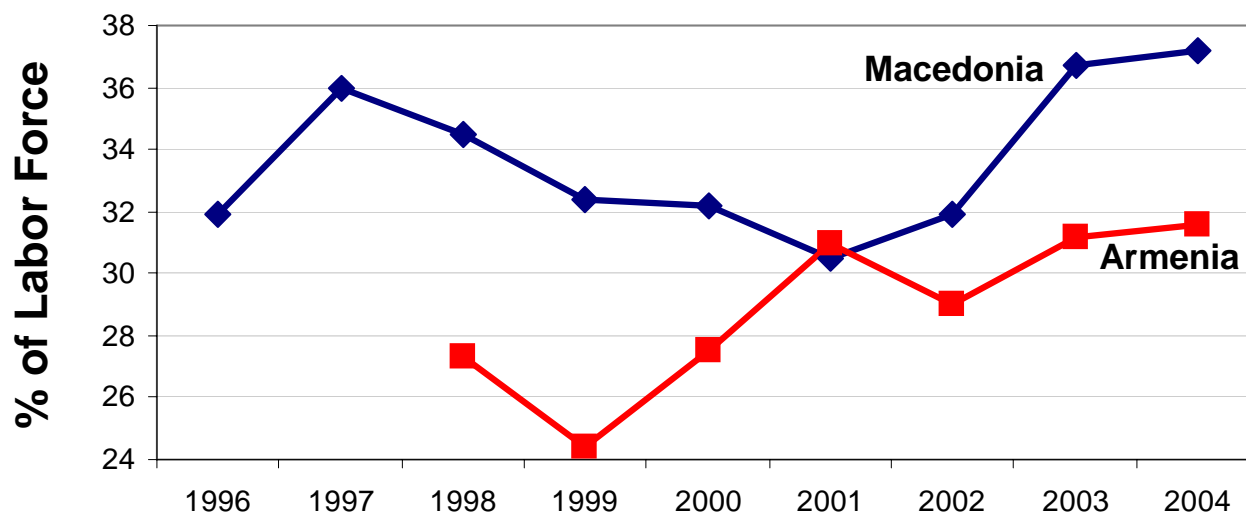
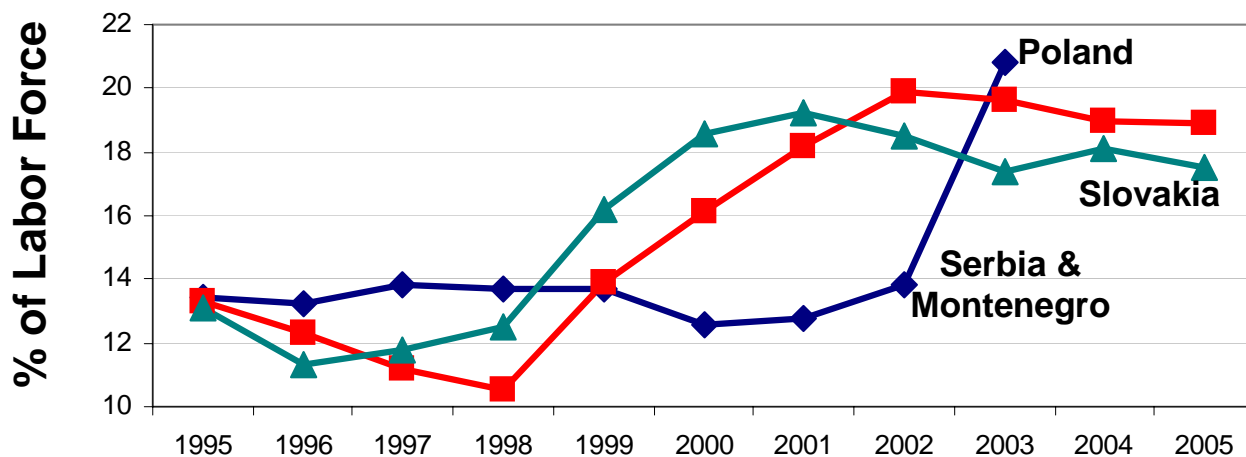
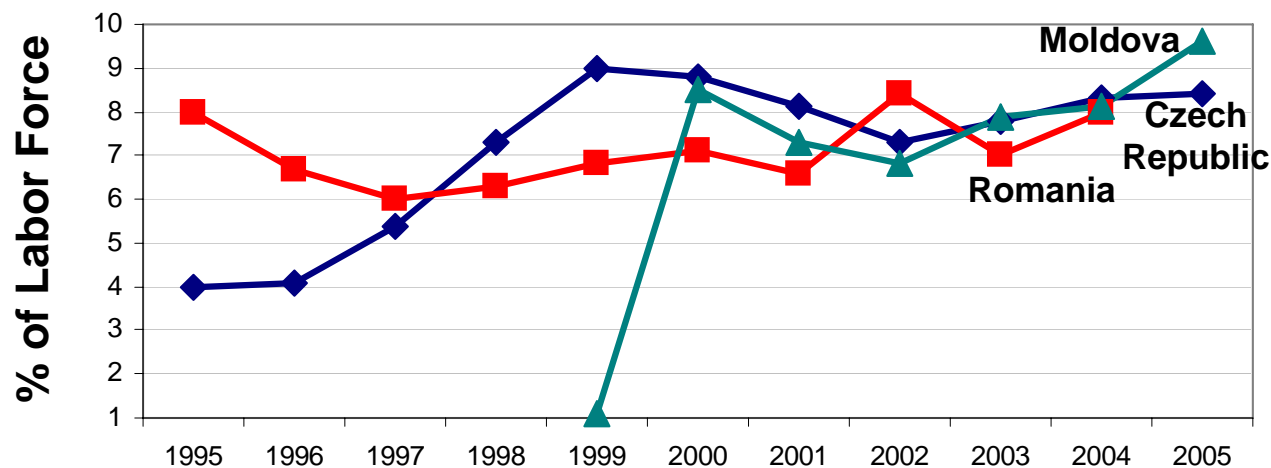
## Poverty & Growth in Georgia



World Bank, *Growth, Poverty, and Inequality: Eastern Europe and the Former Soviet Union* (2005); EBRD, *Transition Report 2005* (November 2005). Poverty data are percent of population. Poverty is defined as share of people living on less than \$2.15 a day in PPP terms.

Figures 12-14

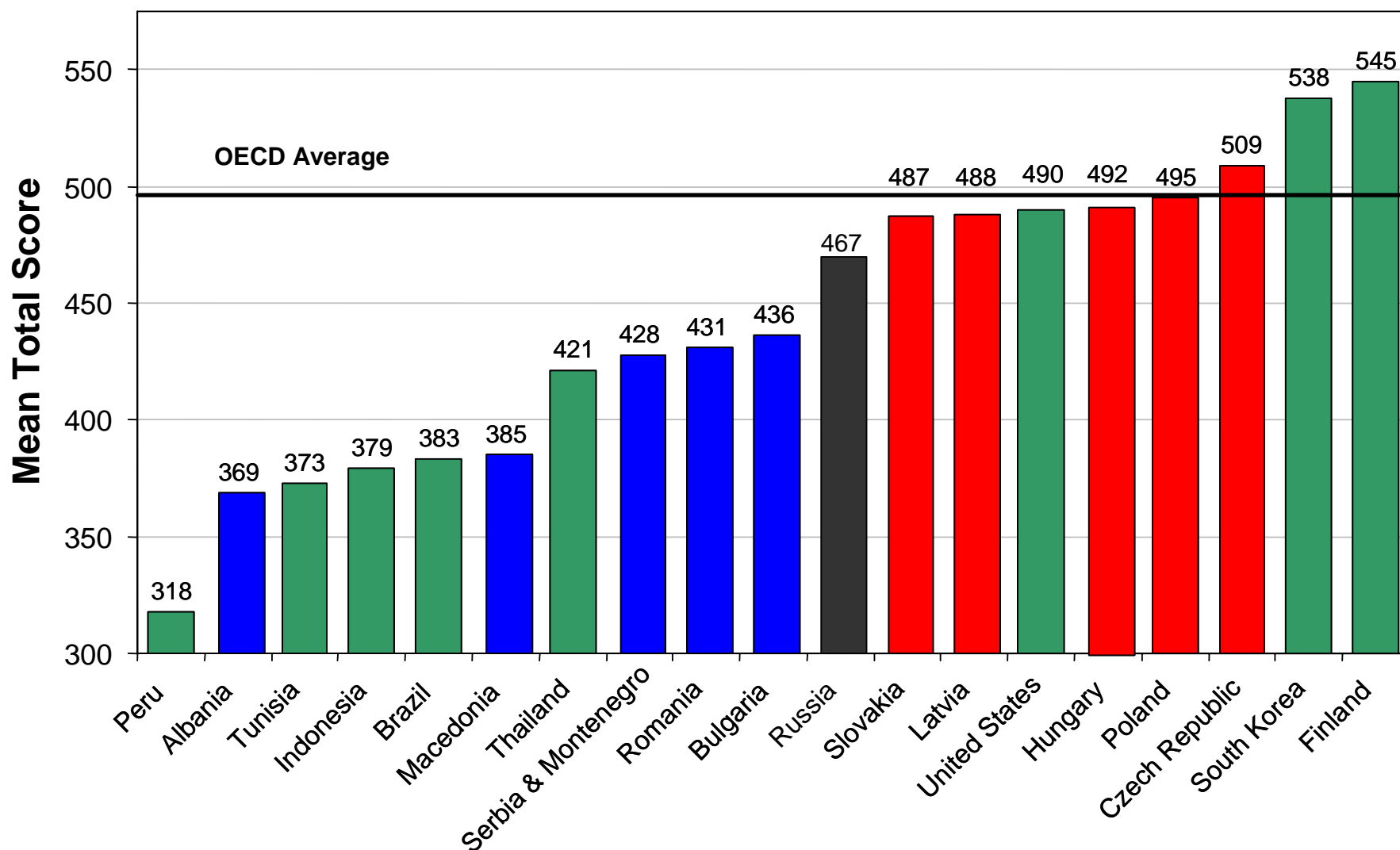
## Labor Force Survey Rising Unemployment Rates



UNECE, Trends in Europe and North America (2003 and 2005); and National Surveys.

Figure 15

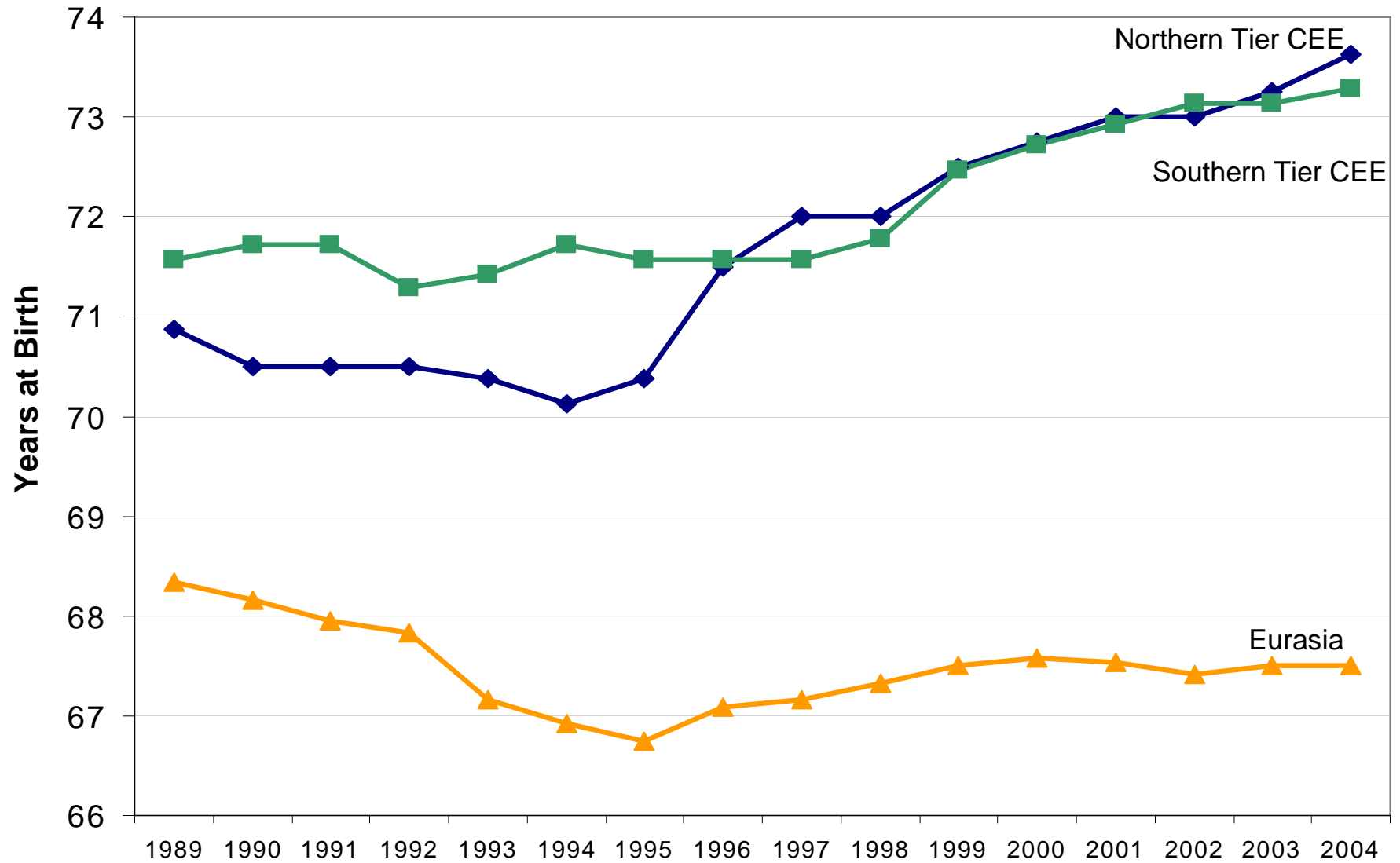
## Functional Literacy (PISA)



Mean total score is the average of the reading, math, and science domains. Results taken from most recently administered assessment available. Albania, Macedonia, Romania, and Bulgaria use PISA 2000; Serbia & Montenegro, Russia, Slovakia, Latvia, Hungary, Poland, Czech Republic, the OECD, and all non-E&E, excepting Peru, countries use PISA 2003. OECD, *Literacy Skills for the World of Tomorrow: Further Results from PISA 2000 (2003)*. OECD, *Learning for Tomorrow's World: First Results from PISA 2003 (2004)*.

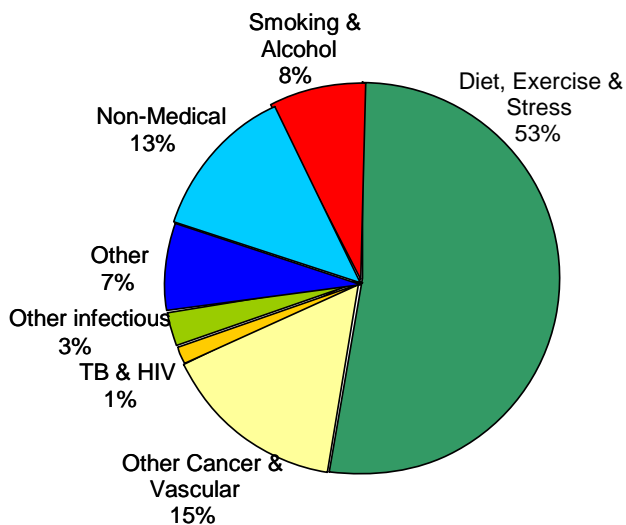
Figure 16

## Life Expectancy at Birth

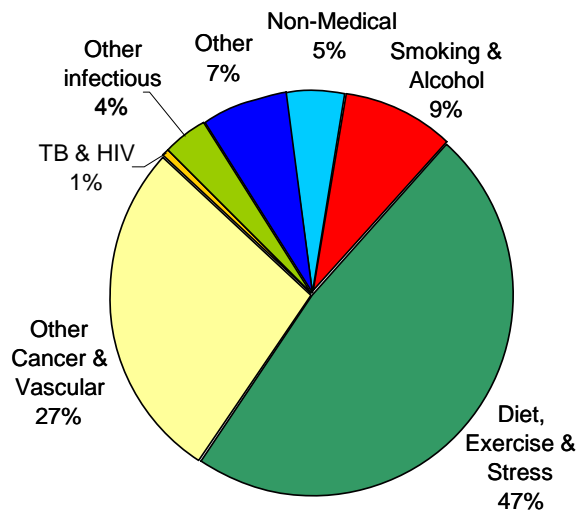


## Causes of Death in 2003 (%)

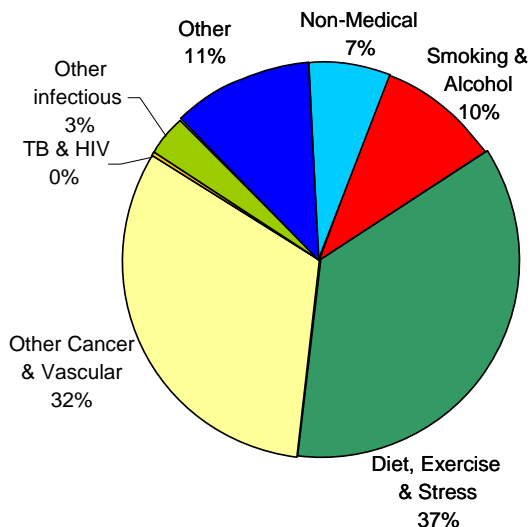
### Northern FSU



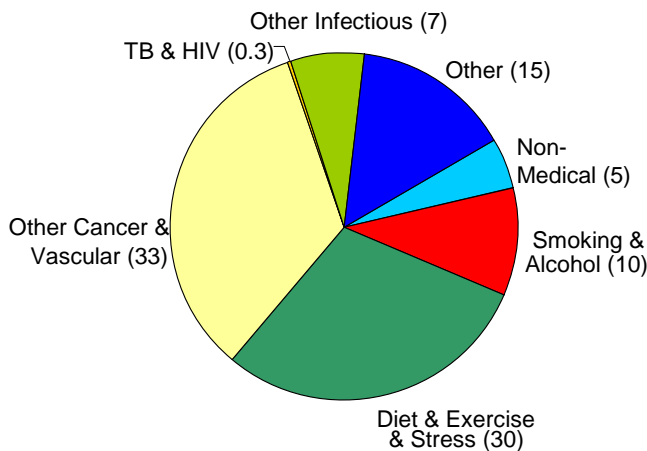
### S. Tier CEE



### N. Tier CEE minus Baltics



### EU-15

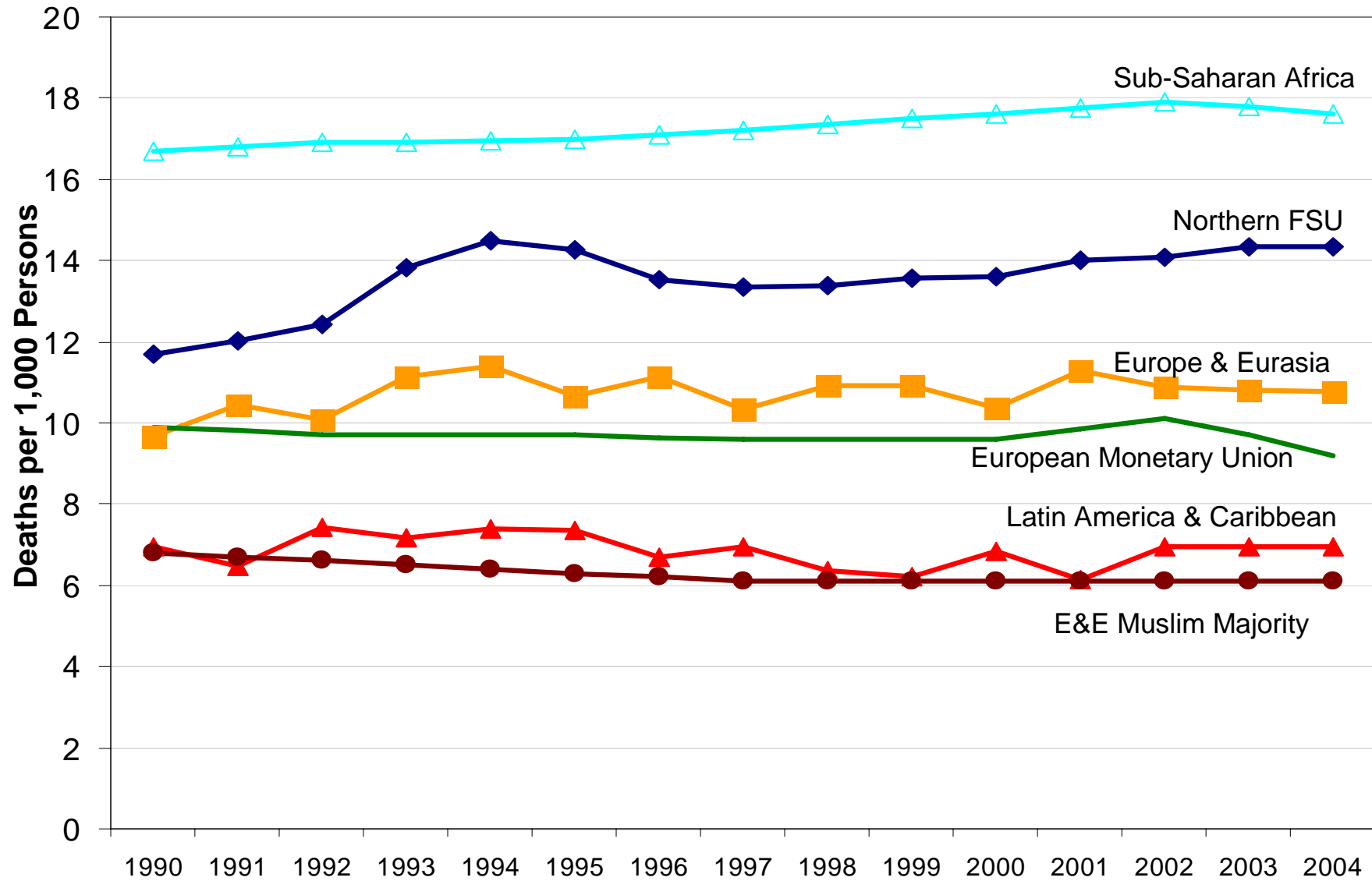


WHO, *Mortality Database* (2004). Diet/exercise/obesity deaths include coronary heart disease, stroke, hypertension, diabetes, and colorectal cancer. (Studies in the *New England Journal of Medicine* estimate that up to 80% of cases of coronary heart disease and up to 90% of type 2 diabetes could be avoided through changing lifestyle factors, and about one-third of cancers could also be prevented by eating healthily, maintaining normal weight, and exercising throughout the life span.) Non-medical causes include accidents, suicides, homicides and disaster. Alcohol deaths include cirrhosis. Smoking deaths include lung cancer and emphysema/COPD. Other Infectious are infectious and parasitic diseases other than TB and HIV. Other Cancer and Vascular includes cancers other than lung and colorectal, and cardiovascular disease other than coronary heart disease, stroke and hypertension. Data for EU-15 are from 2000.



Figure 21

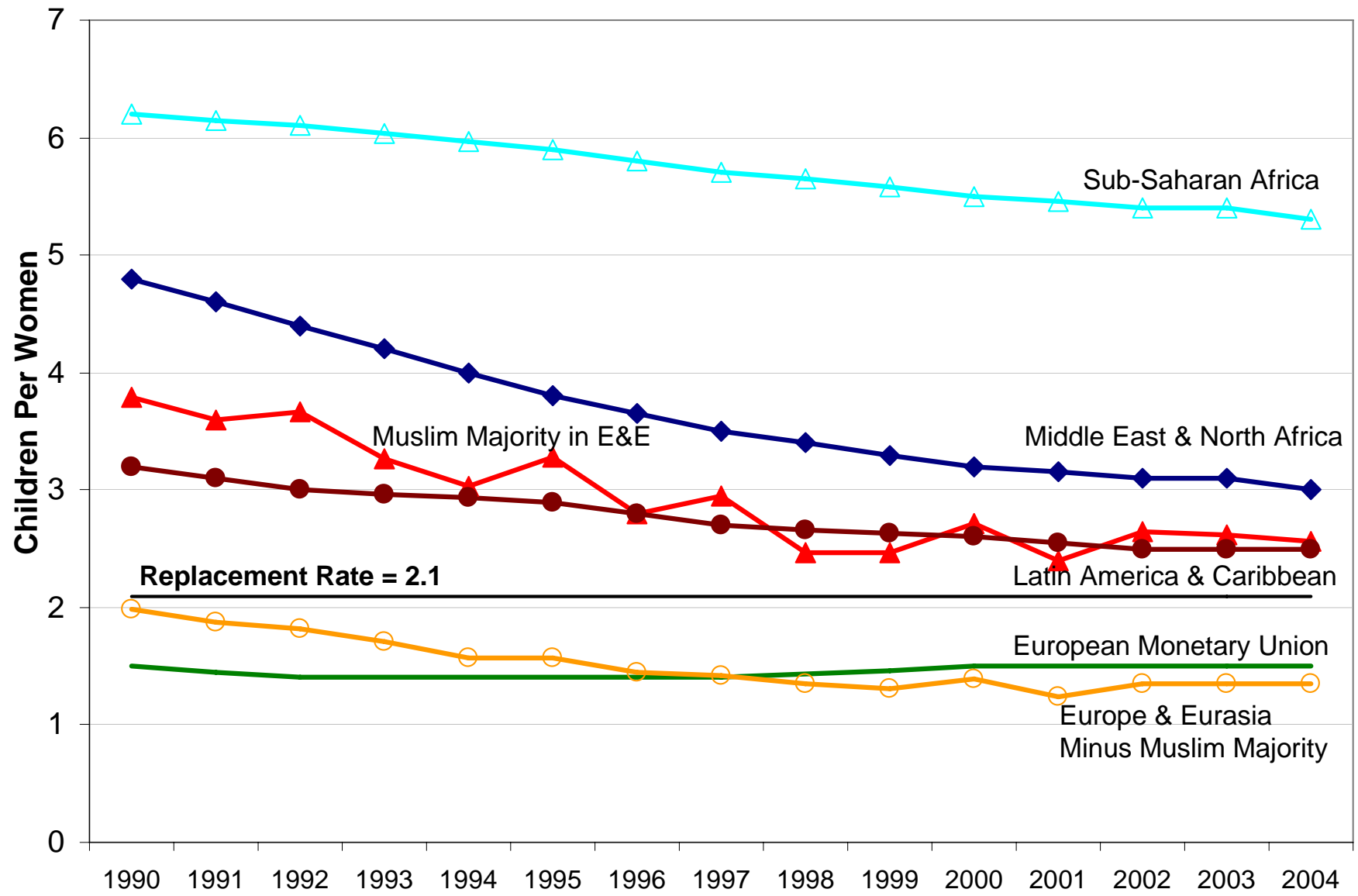
# Crude Death Rates



World Bank, *World Development Indicators* (2006). Missing data were estimated by interpolation.

Figure 22

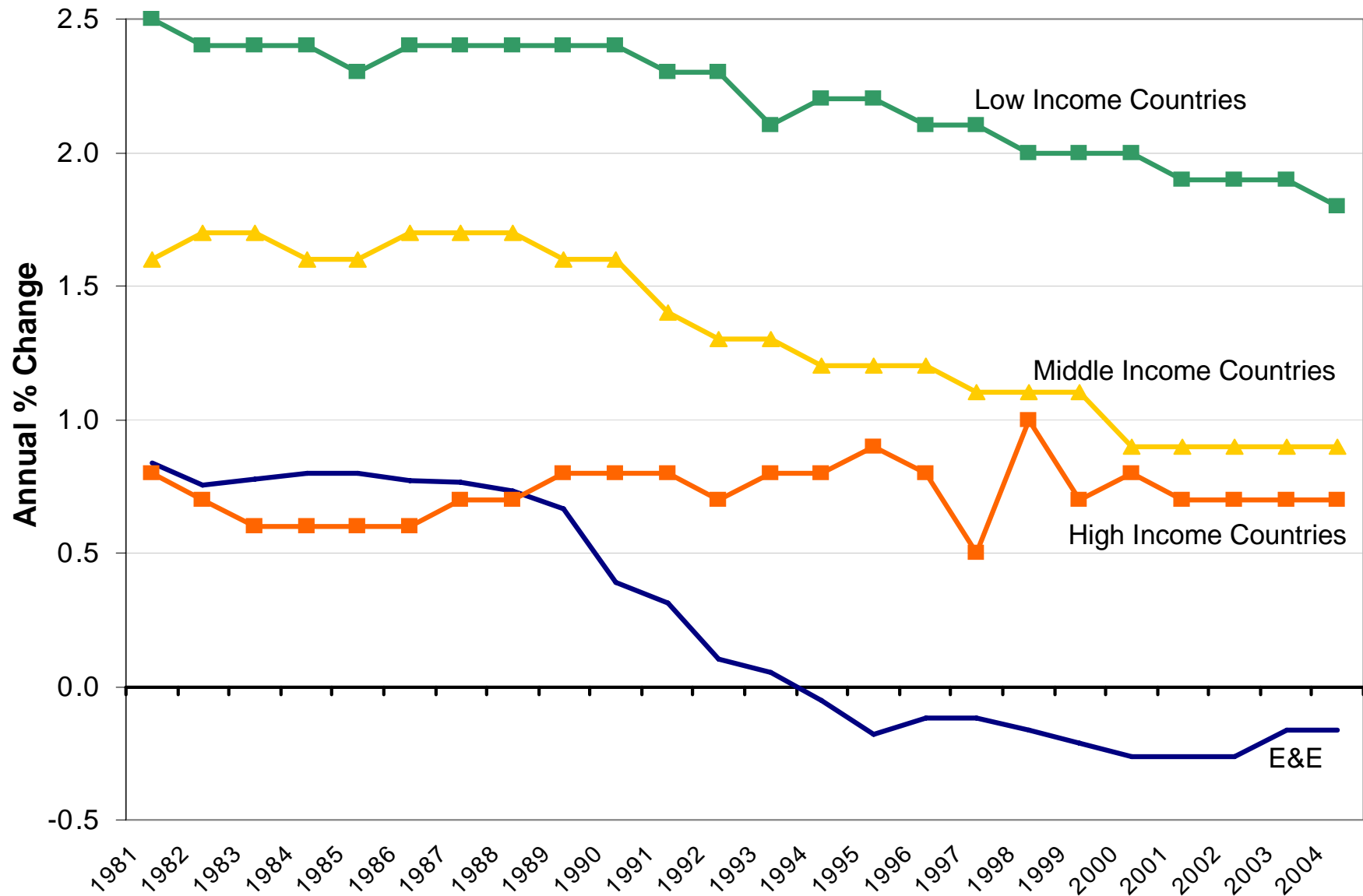
# Fertility Rates in the World



World Bank, *World Development Indicators* (2006). Missing data were estimated by interpolation.

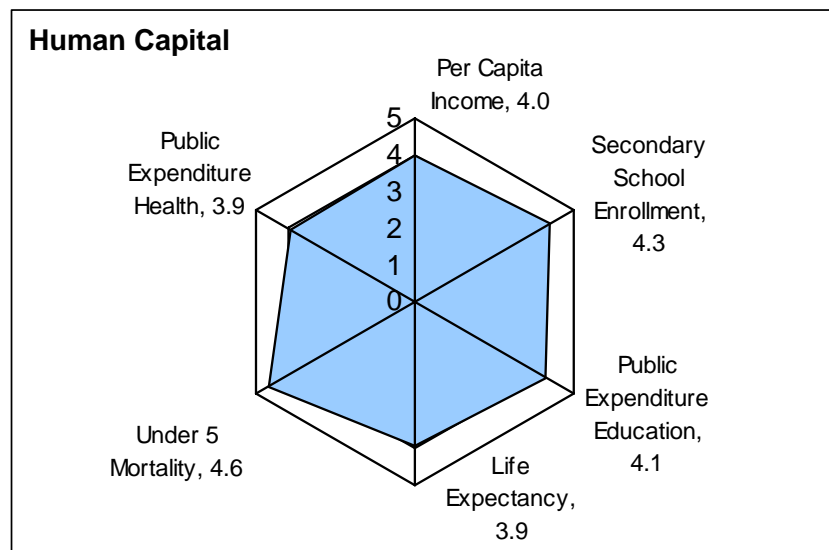
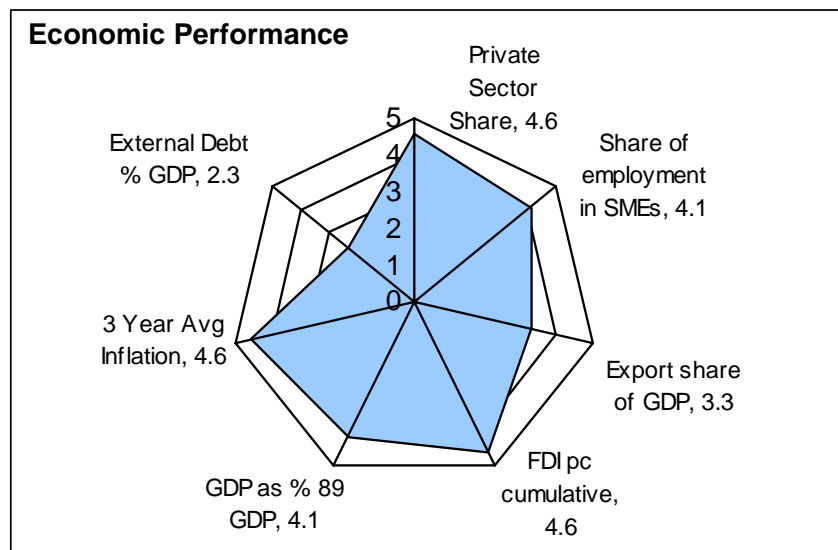
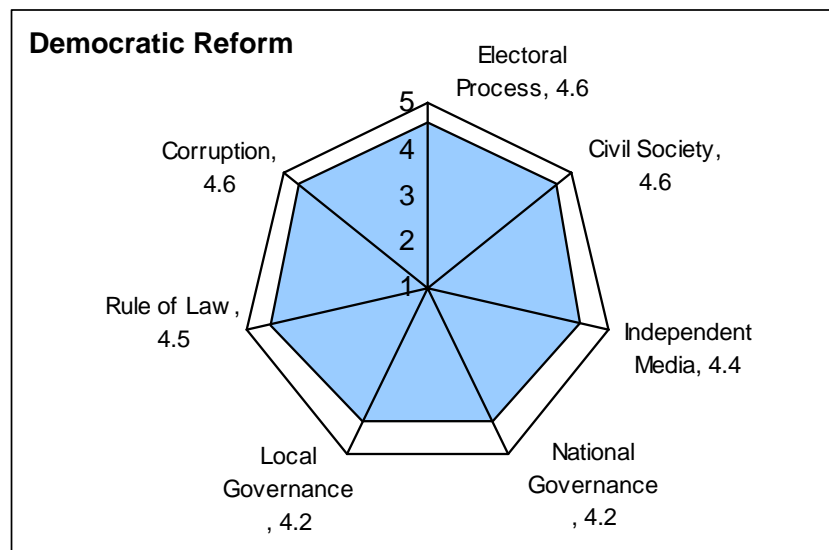
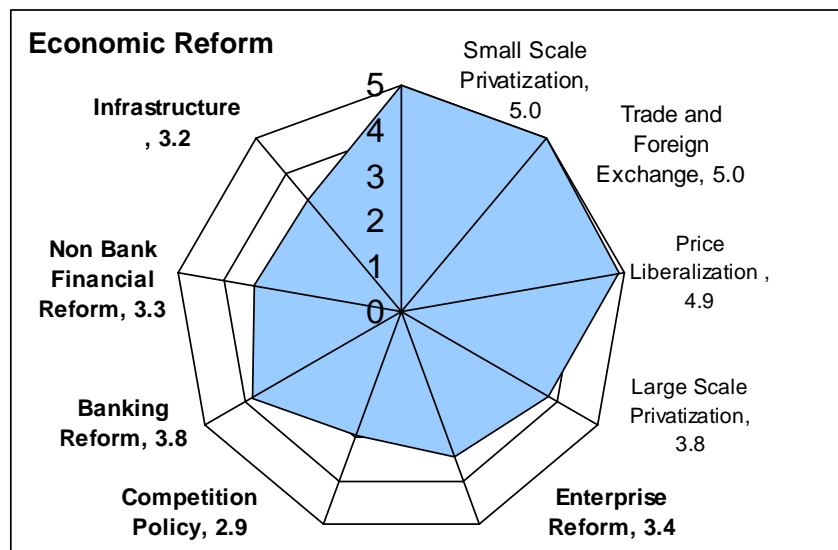
Figure 23

# Population Growth in the World



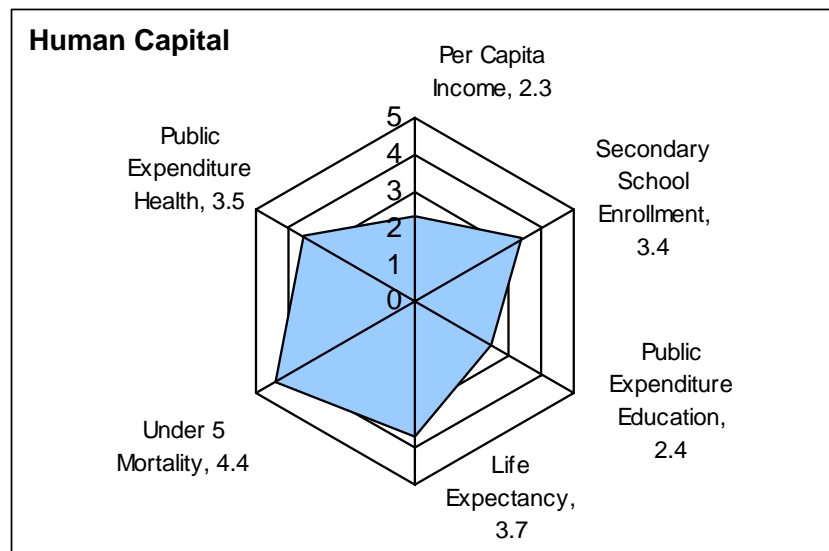
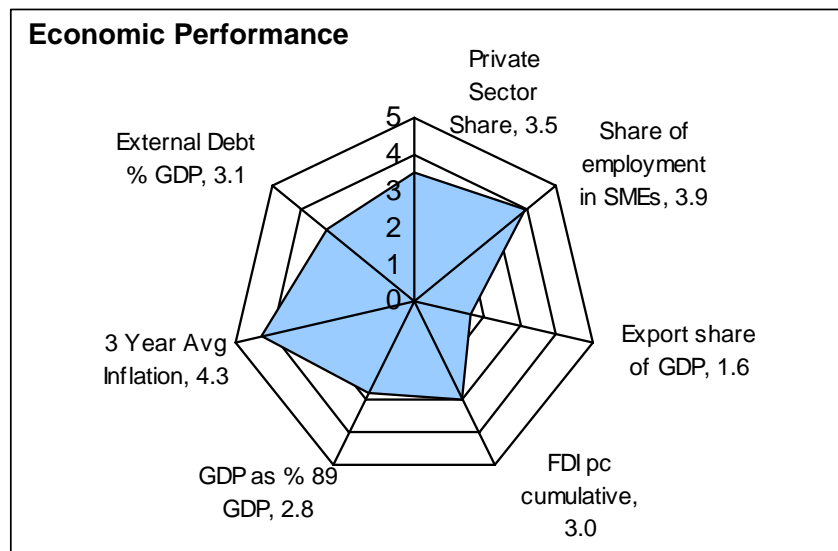
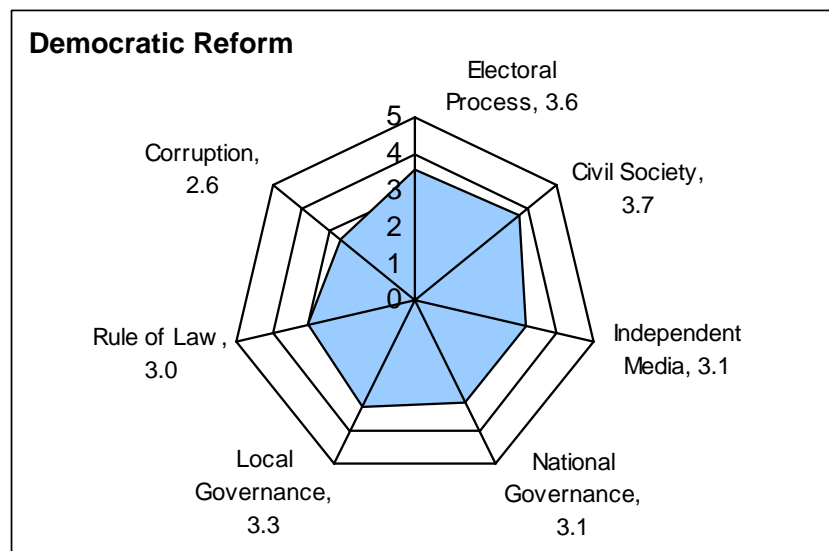
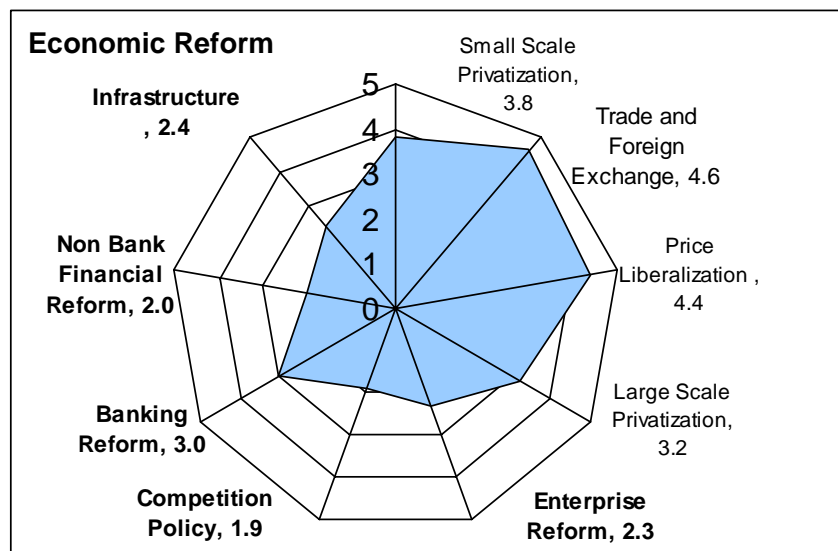
World Bank, *World Development Indicators* (2006).

# Northern Tier CEE in 2004-2005



Ratings are based on a scale from 1 to 5, with 5 representing the best score. USAID, drawing from EBRD, *Transition Report 2005 (November 2005)*; Freedom House, *Nations in Transit 2006*; World Bank, *World Development Indicators 2005 (2005)*; UNECE, *SME Databank (2003)*; and UNICEF, *TransMONEE Database (December 2005)*.

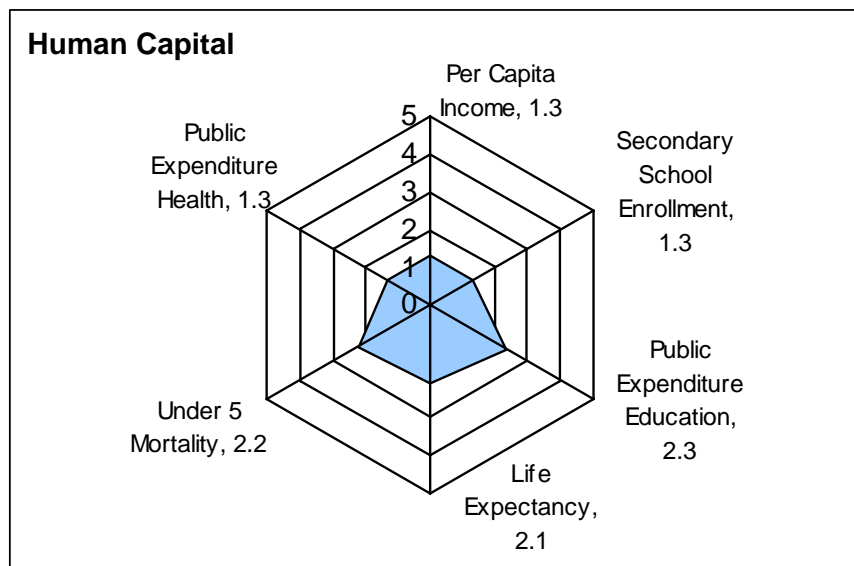
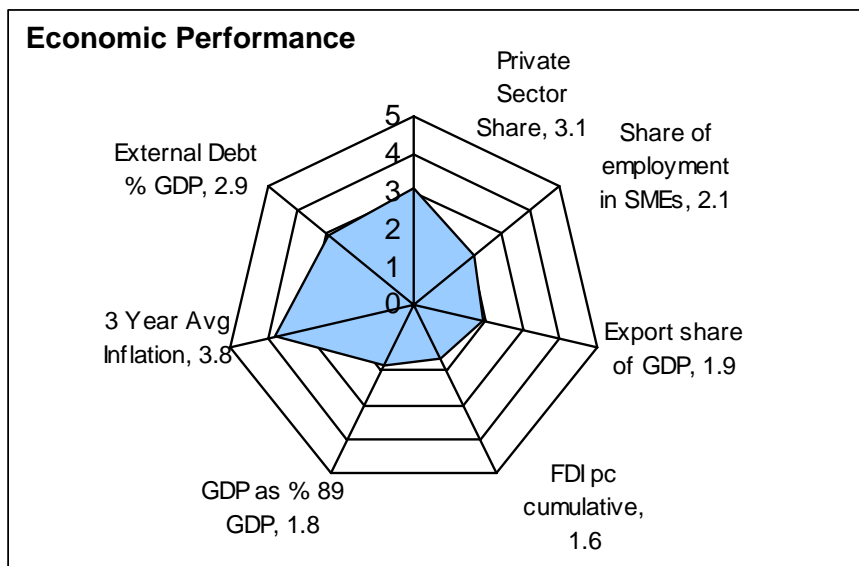
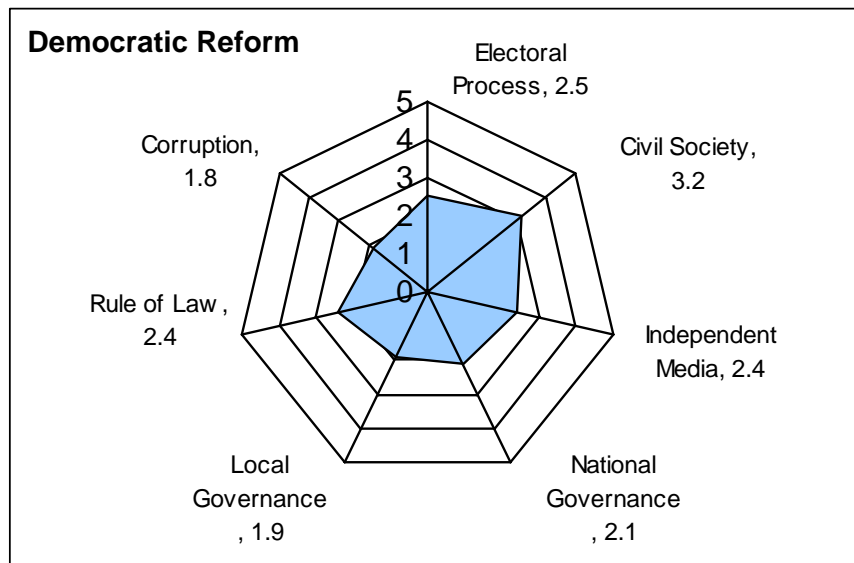
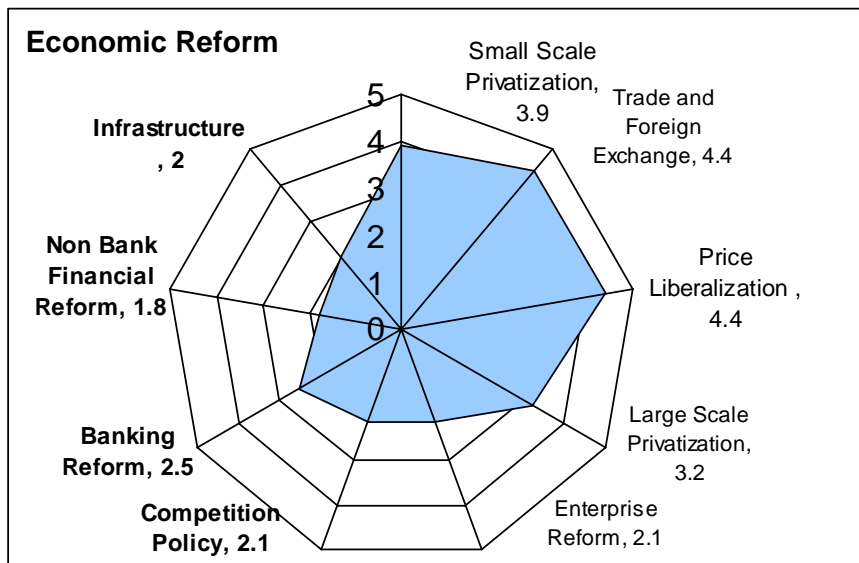
# Southern Tier CEE in 2004-2005



Ratings are based on a scale from 1 to 5, with 5 representing the best score. USAID, drawing from EBRD, *Transition Report 2005 (November 2005)*; Freedom House, *Nations in Transit 2006*; World Bank, *World Development Indicators 2005 (2005)*; UNECE, *SME Databank (2003)*; and UNICEF, *TransMONEE Database (December 2005)*.

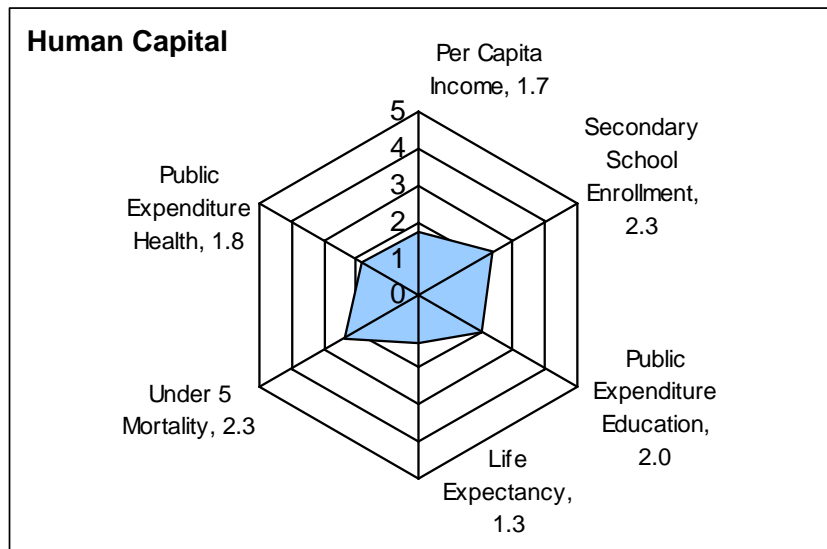
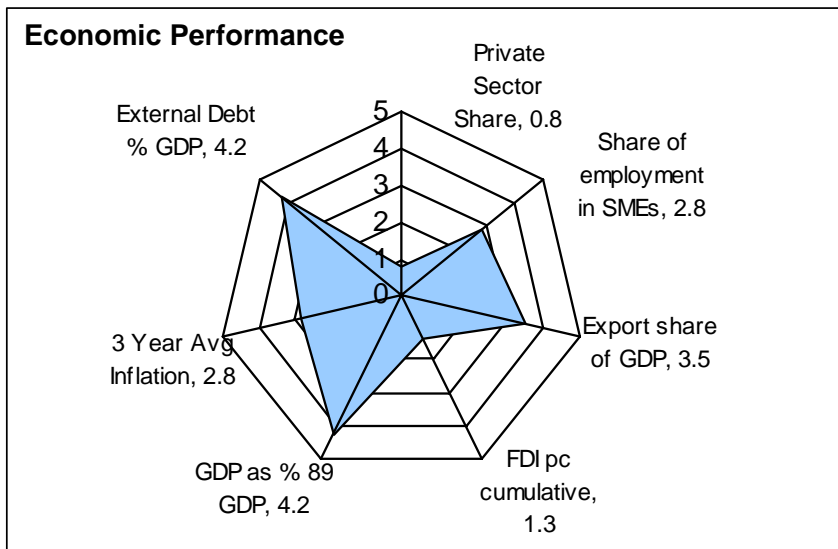
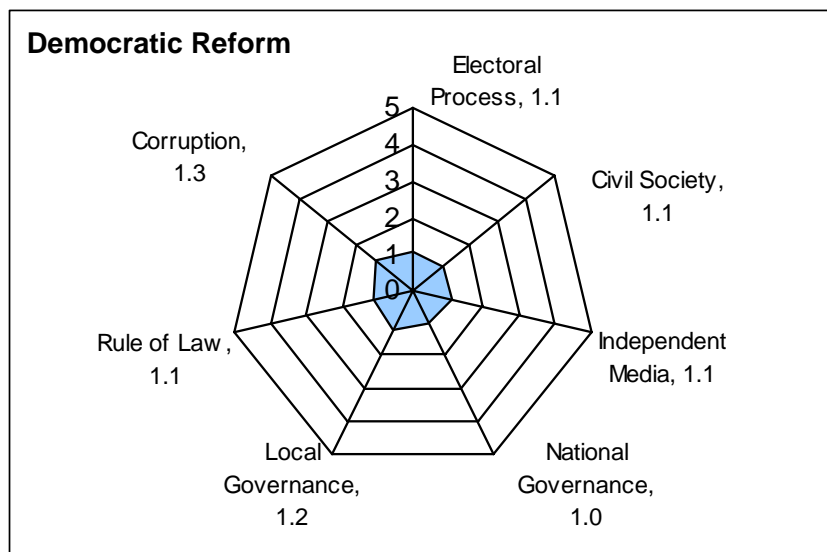
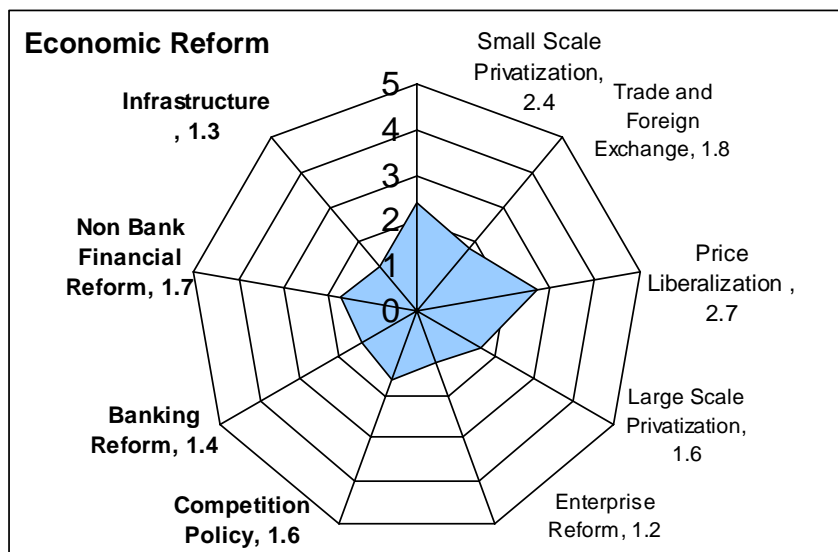
Figures 32-35

# Rest of Eurasia in 2004-2005 (n=6)



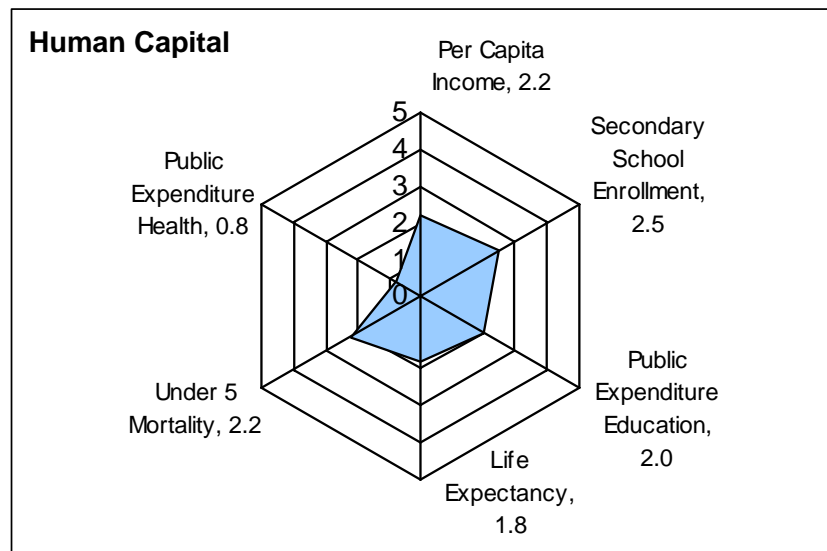
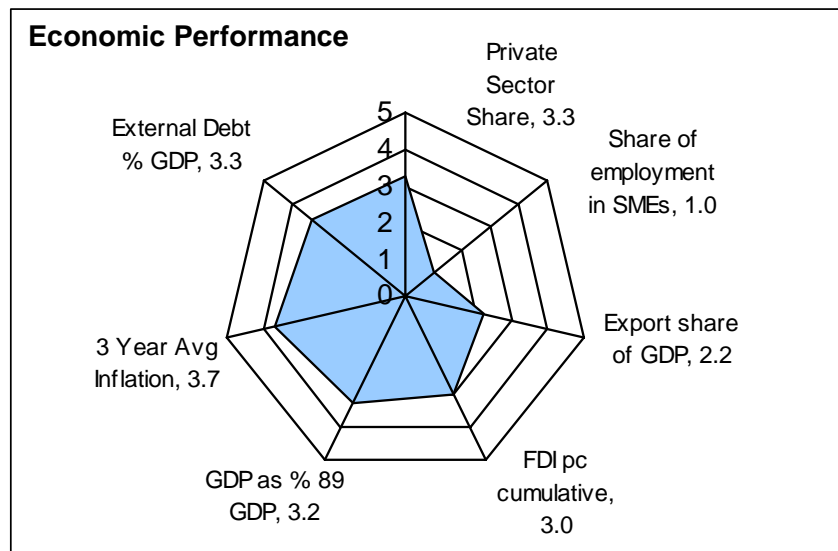
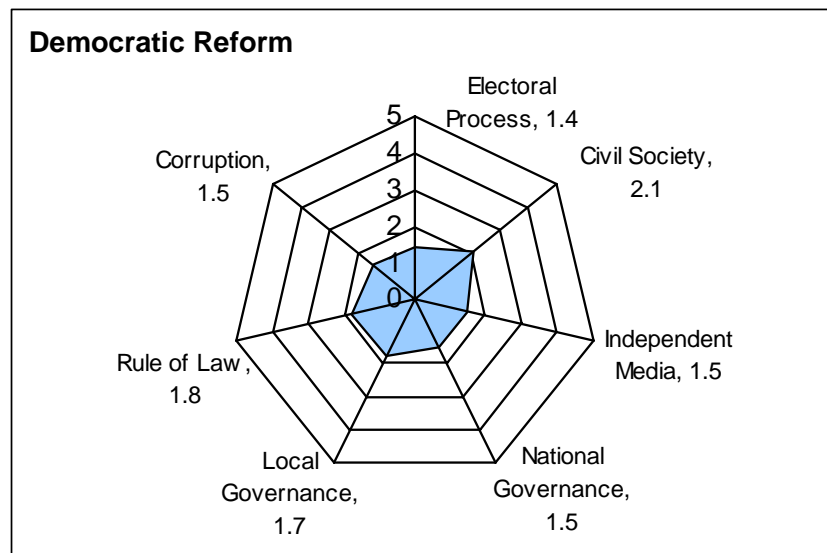
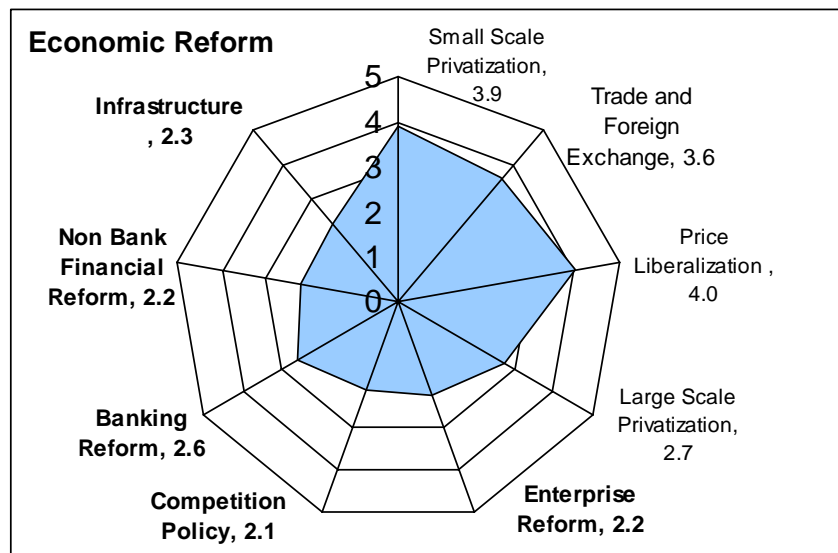
These Eurasian countries include Tajikistan, Kyrgyz Republic, Armenia, Georgia, Ukraine and Moldova. Ratings are based on a scale from 1 to 5, with 5 representing the best score. USAID, drawing from EBRD, *Transition Report 2005 (November 2005)*; Freedom House, *Nations in Transit 2006*; World Bank, *World Development Indicators 2005 (2005)*; UNECE, *SME Databank (2003)*; and UNICEF, *TransMONEE Database (December 2005)*.

# Eurasia Non-Reformers in 2004-2005 (n=3)



Eurasia Non-Reformers include Uzbekistan, Turkmenistan and Belarus. Ratings are based on a scale from 1 to 5, with 5 representing the best score. USAID, drawing from EBRD, *Transition Report 2005* (November 2005); Freedom House, *Nations in Transit 2006*; World Bank, *World Development Indicators 2005* (2005); UNECE, *SME Databank* (2003); and UNICEF, *TransMONEE Database* (December 2005).

## Energy Producers in Eurasia in 2004-2005 (n=3)



Energy Producers in Eurasia include Russia, Azerbaijan and Kazakhstan. Ratings are based on a scale from 1 to 5, with 5 representing the best score. USAID, drawing from EBRD, *Transition Report 2005 (November 2005)*; Freedom House, *Nations in Transit 2006*; World Bank, *World Development Indicators 2005 (2005)*; UNECE, *SME Databank (2003)*; and UNICEF, *TransMONEE Database (December 2005)*.



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