

Methodological notes

Definitions and data sources for country snapshot variables

Liberalisation

Current account convertibility

Options: *full* (full compliance with Article VIII of IMF Agreement), *limited* (restrictions on payments or transfers for current account transactions).

Source: International Monetary Fund, *International Financial Statistics*.

Interest rate liberalisation

Options: *full* (banks are free to set deposit and lending rates), *limited de facto* (no legal restrictions on banks to set deposit and lending rates, but limitations arise from substantial market distortions, such as directed credits or poorly functioning or high illiquid money or credit markets), *limited de jure* (restrictions on the setting of interest rates by banks through law, decree or central bank regulation).

Source: EBRD staff assessments.

Wage regulation

Restrictions or substantial taxes on the ability of some enterprises to adjust the average wage or wage bill upward; options: *yes*, *no*.

Source: EBRD staff assessments.

Stabilisation

Share of general government tax revenues in GDP

General government includes central government, extrabudgetary funds and local government.

Source: See the Macroeconomic Indicators tables.

Exchange rate regime

Options: *currency board*, *fixed*, *fixed with band*, *crawling peg*, *crawling peg with band*, *managed float*, *floating*.

Source: International Monetary Fund, *International Financial Statistics*.

Privatisation

Primary privatisation method since the start of transition

Options: *vouchers* (distribution of investment coupons at a symbolic price), *direct sales* (sales to outsiders), *MEBOs* (management/employee buy-outs), *liquidations*.

Source: EBRD staff assessments.

Secondary privatisation method since the start of transition

Options and definitions as above.

Source: EBRD staff assessments.

Tradability of land

Options: *full* (no substantial restrictions on the tradability of land rights beyond administrative requirements; no discrimination

between domestic and foreign subjects), *full except foreigners* (as "full", but with some differential treatment of foreigners), *limited de facto* (substantial de facto limitations on the tradability of land, for example due to the lack of enforceability of land rights, a non-existent land market, or significant obstruction by government officials), *limited de jure* (legal restrictions on the tradability of land rights), *no* (land trade prohibited).

Source: EBRD staff assessments.

Enterprises

Competition office

Competition or anti-monopoly office exists separately from any ministry, though it may not be fully independent; options: *yes*, *no*.

Source: EBRD staff assessments.

Infrastructure

Independent telecommunications regulator

Independent body, but the scope of power may differ across countries; options: *yes*, *no*.

Source: EBRD staff assessments.

Separation of railway accounts

Accounts for freight and passenger operations are separated; options: *yes*, *no*.

Source: EBRD staff assessments.

Independent electricity regulator

Independent body, but the scope of power may differ across countries; options: *yes*, *no*.

Source: EBRD staff assessments.

Financial sector

Capital adequacy ratio

Ratio of bank regulatory capital to risk-weighted assets; regulatory capital includes paid-in capital, retentions and some forms of subordinated debt.

Source: EBRD staff assessments.

Deposit insurance system

Deposits in all banks are covered by a formal deposit insurance scheme; options: *yes*, *no*.

Source: EBRD staff assessments.

Secured transactions law

Non-possessory security over movable assets permitted; options: *yes*, *restricted*, *no*.

Source: EBRD staff assessments.

Securities commission

Securities and exchange commission exists separately from any ministry, although it may not be fully independent; options: *yes*, *no*.

Source: EBRD staff assessments.

Social reform

Share of the population in poverty

For most countries, this is given as the percentage of the population living on less than US\$ 4 (in 1990 US\$ at PPP) a day per person. For some countries, national estimates are given. See footnotes for further details.

Sources: United Nations Development Programme, *Human Development Report*; World Bank, *World Development Indicators*; and national authorities.

Private pension funds

Options: *yes*, *no*.

Source: EBRD staff assessments.

Liberalisation

Share of administered prices in CPI (%)

Administered prices are defined as those prices subject to regulation by the state.

Sources: EBRD survey of national authorities and IMF country reports.

Number of goods with administered prices in EBRD-15 basket

The EBRD-15 basket consists of flour/bread, meat, milk, gasoline/petrol, cotton textiles, shoes, paper, cars, television sets, cement, steel, coal, wood, rents, inter-city bus service.

Source: EBRD survey of national authorities.

Share of trade with non-transition countries (%)

Ratio of merchandise exports and imports to non-transition economies to total trade (exports plus imports).

Source: IMF, *Directions of Trade Statistics*. Data for CIS countries suffer from under-reporting of intra-CIS trade for the early 1990s and are reported for 1994 onwards only.

Share of trade in GDP (%)

Ratio of exports plus imports to GDP.

Source: See the Macroeconomic Indicators tables.

Tariff revenues (% of imports)

Tariff revenues include all revenues from international trade. Imports are those of merchandise goods.

Sources: EBRD surveys of national authorities and IMF country reports.

Privatisation

Share of small firms privatised (cumulative, % of total to the total number of small firms identified for privatisation)

Ratio between the cumulative number of small firms privatised by year-end to the total number of small firms initially identified for privatisation.

Sources: EBRD survey of national authorities and EBRD staff assessments.

Definitions and data sources for structural and institutional indicators

Privatisation revenues (cumulative, % of GDP)

Government revenues from cash sales of enterprises, not including investment commitments.

Sources: EBRD survey of national authorities and IMF country reports.

Private sector share in GDP (%)

The “private sector shares” of GDP represent rough EBRD estimates, based on available statistics from both official (government) sources and unofficial sources. The underlying concept of private sector value added includes income generated by the activity of private registered companies as well as by private entities engaged in informal activity in those cases where reliable information on informal activity is available.

Sources: EBRD staff estimates, 1994-99, and IMF staff estimates, 1989-93.

Enterprises

Budgetary subsidies (% of GDP)

Budgetary transfers to enterprises and households, excluding social transfers.

Sources: EBRD surveys of national authorities and IMF country reports.

Efficiency of tax collection for social security (%)

Ratio of effective collection of social security taxes over total labour income in the economy, divided by the statutory social security tax rate. A collection of 6% of total payroll for a statutory rate of 10% would give an efficiency of tax collection of 0.6. The EU average is 0.65.

Sources: IMF, *Government Finance Statistics*; OECD, *Revenue Statistics*; UN, *National Account Statistics*; World Bank, *World Bank Atlas*; World Bank, *CIS Statistical Yearbook*; national statistical publications and IMF country reports.

Share of industry in total employment (%)

Industry includes electricity, water, power, mining and manufacturing.

Sources: ILO, *Labour Statistics Yearbook*; UN, *National Account Statistics*; national statistical publications and IMF country reports.

Change in labour productivity in industry (%)

Labour productivity is calculated as the ratio of industrial production to industrial employment and the changes in productivity are calculated on the basis of annual averages.

Sources: National statistical publications and IMF country reports.

Infrastructure

Main telephone lines per 100 inhabitants

Fixed lines only, excluding mobile telephones.

Sources: International Telecommunications Union, *World Telecommunications Development Report*.

Railway labour productivity (1989=100)

Productivity measured as the ratio of the number of traffic units (passenger-kilometres plus freight tonne-kilometres) and the total number of railway employees.

Sources: National authorities and World Bank.

Electricity tariffs, US cents per kilowatt-hour (collection ratio in %)

The average retail tariff; the collection ratio is defined as the ratio of total electricity payments received (in cash and non-cash) and total electricity charges.

Sources: *Financial Times*, *Power in Eastern Europe*, national authorities and World Bank.

Ratio of electricity consumption to GDP (1989=100)

Electricity consumption is defined as production, minus net exports, minus transmission losses.

Source: International Energy Agency.

Financial institutions

Number of banks (of which foreign-owned)

Number of commercial and savings banks, excluding cooperative banks. Foreign-owned banks are defined as those with foreign ownership exceeding a 50% share, end-of-year.

Source: EBRD survey of central banks.

Asset share of state-owned banks (% of total bank assets)

Share of total bank assets of majority state-owned banks in total bank sector assets. The state is defined to include the federal, regional and municipal levels as well as the state property fund and the state pension fund. State-owned banks are defined as banks with state ownership exceeding 50%, end-of-year.

Source: EBRD survey of central banks.

Bad loans (% of total loans)

Ratio of non-performing loans to total loans. Non-performing loans excludes loans transferred to a state rehabilitation agency or consolidation bank, end-of-year.

Source: EBRD survey of central banks.

Domestic credit to enterprises (% of GDP)

Ratio of total outstanding bank credit to the private sector at end-of-year, including households and enterprises, to GDP.

Sources: IMF, *International Financial Statistics* and IMF country reports.

Stock market capitalisation (% of GDP)

Market value of all shares listed on the stock market as a percentage of GDP, end-of-year.

Source: EBRD survey of national stock markets. In some cases, the data differ notably from capitalisation as reported by the Standard & Poors/IFC *Handbook of*

Emerging Markets. The difference in most cases is due to the exclusion in the Standard & Poors/IFC data of companies listed on the third tier.

Social sector

Expenditures on health and education (% of GDP)

Expenditures of general government, excluding those by state-owned enterprises.

Sources: EBRD survey to ministries of finance; IMF country reports; World Bank, *World Development Indicators*.

Mortality rate (per 1,000 adult males)

The adult mortality rate is the probability of an adult male dying between the ages of 15 and 60 – that is the probability of a 15-year-old dying before reaching the age of 60 given the current age-specific mortality rates between the ages of 15 and 60.

Source: World Bank, *World Development Indicators*.

Basic school enrolment ratio (%)

Gross rates of school enrolment, % of relevant population between 7 and 15 years old. Basic school includes 8 years of schooling from the age of 7/8 to 14/15.

Sources: UNICEF, International Child Development Centre; TransMONEE Database.

Earnings inequality (Gini coefficient)

The Gini coefficient measures the distribution of employees' earnings. A higher coefficient implies a higher degree of earnings inequality. The Gini coefficient is derived from the cumulative distribution of earnings across the workforce ranked in order of ascendance. It is defined as one half of the mean difference between any two observations in the earnings distribution divided by average earnings. Its possible values range between 0 and 1. The Gini coefficients presented in the table are calculated using monthly earnings data as reported by employers. Small employers are often excluded, and some data refer to the public sector only.

Sources: UNICEF, International Child Development Centre; TransMONEE Database.

EBRD transition indicators

The transition indicator scores, from 1 to 4 with 0.3 decimal points added or subtracted for + and – ratings, that were first introduced in 1997 and retroactively added to years 1989-96 in this year's *Transition Report*. For definitions of the rating scores, see Table 2.1, Annex 2.2 (for legal transition indicators) and Annex 2.3 (for infrastructure indicators). The infrastructure rating is an unweighted average of four sector-specific reform ratings for power, railways, telecommunications and water.

Source: EBRD staff assessments.

Methodological notes

Definitions and data sources for macroeconomic indicators

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Data for 1992-99 represent official estimates of out-turns as reflected in publications from the national authorities, the International Monetary Fund, the World Bank, the OECD, the Institute of International Finance and Tacis Economic Trends. Data for 2000 reflect EBRD staff assessments, based in part on information from these sources. Because of frequent revisions to official data sources, there may be changes to all series published in the *Transition Report* and *Transition Report Update* from year to year.

Country-specific notes can be found under each country table.

Output

Official estimates of GDP, industrial and agricultural production. Growth rates can lack precision in the context of transition due to large shifts in relative prices, the failure to account for quality improvements, and the substantial size of and change in the informal sector. In some countries, national authorities have started to incorporate the informal sector into their estimates of GDP.

Employment

For most countries, data reflect official employment records from the labour registries. In many countries, small enterprises are not recorded by official data. A number of countries have moved towards ILO-consistent labour force surveys in recording changes in labour force, employment and unemployment. Where available these data are presented.

Prices and wages

Data from the statistical offices or IMF. In some countries, notably Belarus, Turkmenistan and Uzbekistan, official CPI data may underestimate underlying inflation because of price controls and inadequate measurement of price increases on informal markets. Wage data are from national authorities and often exclude small enterprises as well as the informal sector.

Government sector

Data for the general government, including local government and extrabudgetary funds, where available. Data for most countries are from IMF country reports. Budget balance data can differ from official estimates due to different budgetary accounting, in particular with respect to privatisation revenues and net lending.

Monetary sector

Broad money is the sum of money in circulation outside banks and demand deposits other than those of the central government. It also includes quasi-money time, savings and foreign currency deposits of the resident sectors other than the central government. Data from IMF, *International Financial Statistics*, IMF country reports and monetary authorities.

Interest and exchange rates

Deposit and lending rates from most countries are weighted averages across maturities. For some countries, weighted averages are not available and rates are quoted for the most frequently used instruments. Belarus, Turkmenistan and Uzbekistan operate dual exchange rate systems or have substantial parallel markets with high premiums on the official exchange rate. Please refer to the country-specific notes for details on the reported exchange rates. Data from the IMF, *International Financial Statistics*, IMF country reports and monetary authorities.

External sector

Trade data in many countries can differ between balance of payments and customs statistics, because of differences in recording and of informal border trade, which is typically not recorded by customs statistics. Country notes provide further details. Trade data are on a balance of payments basis as published by the monetary authorities and IMF country reports. External debt are EBRD staff estimates based on IMF country reports and national authorities.