Monitoring Country Progress in Eastern Europe and Eurasia
Bureau for Europe & Eurasia
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#13 (October 2011)

Summary of the Findings

Economic reforms waned in Eastern Europe and Eurasia (E&E) in 2010. The E&E region accomplished the fewest annual advances in macroeconomic reforms in 2010 since the collapse of communism, following a year of almost equally poor results in 2009. The gains were equally distributed between first- and second-stage reforms. Progress in microeconomic reforms (or reforms in the business environment) in E&E in 2010 stagnated as well: seven E&E countries advanced in their global business environment percentile rank while six countries regressed.

Democratic reform gains were largely offset by backsliding in E&E in 2010, with 11 countries advancing and 12 countries declining in reforms. Most of the gains in democratic reforms in 2010 occurred in civil society and anti-corruption; the majority of negative changes occurred in media, local governance, and rule of law.

In contrast to many earlier years, the Southern Tier Central and Eastern Europe (CEE) countries have not been closing the reform gap with the Northern Tier CEE countries in recent years. From 1999 to 2007, the Southern Tier CEE countries advanced in economic and democratic reforms faster than the other two subregions (Eurasia and the Northern Tier CEE). Since 2007 through 2010, however, there has been a slight erosion of democratization gains combined with economic reform stagnation in the Southern Tier CEE countries.

Macroeconomic performance. The E&E region was disproportionately adversely affected by the 2008-2009 global economic crisis. Many of the root causes of the region's vulnerabilities still remain.

(a) Macroeconomic vulnerabilities and global economic integration. Current account deficits are still problematic in more than half of the E&E countries; 17 of the 29 countries have had average current account deficits in excess of 3% of GDP during the 2009-2011 period. Of the three subregions, current account deficits are the most problematic in the Southern Tier CEE countries, averaging 10% of GDP in 2011. Since 2008, external debt as a percentage of GDP has increased across the three subregions. It is highest and most problematic in the Northern Tier CEE countries (113% of GDP). Fiscal balances are also problematic in many E&E countries. Eighteen E&E countries are estimated to have had fiscal deficits of close to 4% of GDP or greater on average from 2009-2011, exceeding the IMF recommendation that deficits should not exceed 3% of GDP.

Concentration and dependence of exports in fuels, metals, and precious stones remain very high in much of Eurasia. Trade ties with Western Europe are significant in all three E&E subregions. They are the most significant in the Northern Tier CEE countries (where almost 60% of trade is with the EU-15), followed by Eurasia (where 50% of trade is with the EU-15). The Southern Tier CEE countries have the fewest trade ties with Western Europe, though still significant at almost 40% of trade. Moreover, the

Southern Tier CEE countries have the most extensive trade ties with the most highly indebted countries of Western Europe (Greece, Italy, and Spain).

(b) Energy security and environmental sustainability. Most E&E countries are relatively energy inefficient; that is, below the world average in terms of economic output per energy input. Moreover, the majority of the Eurasian countries are among the most energy inefficient countries in the world. Some are highly energy inefficient in part because they are also energy independent; i.e., these countries can afford to be inefficient at least in the short to medium term. However, a handful of Eurasian countries are both highly energy inefficient as well as energy dependent.

We draw on an index of environmental performance which measures economic sustainability relative to global climate change, the availability and usage of natural resources (including agriculture, fisheries, and forestry), biodiversity and habitat, and water and air pollution. Overall, only five of the E&E countries are in the top half of the world's countries in terms of environmental sustainability.

Human capital. Trends in human capital (in health and education) in E&E since the last MCP report (May 2010) have been mixed. While there is only moderate evidence of the impact of the 2008-2009 economic crisis on human capital indicators at this time, two types of lags merit consideration: availability of data and delayed impact of economic events on social conditions. It is likely that some of the health and education repercussions from the 2008-2009 global economic crisis are still taking shape.

(a) Health trends. There have been continued incremental increases in life expectancy in E&E in 2009, most prominently in the Northern Tier CEE and Eurasia. Although still very large by global standards, the life expectancy gender gap (female minus male life expectancy) decreased in 2009 in E&E. Under-five mortality rates continued to fall in 2009 across the three subregions. In contrast, the maternal mortality rate has increased recently in a number of E&E countries, reversing a general trend of declining rates. This increase may also be due to changes in recording or registration of maternal deaths across the E&E region.

The incidences of tuberculosis (TB) have continued to fall in CEE, a decline that has been ongoing for more than a decade. Most Eurasian countries have either witnessed a small decrease in the incidences of TB or little change in recent years. In contrast, HIV prevalence rates have increased since 2000 in seven of the eight E&E countries where rates are the highest within the E&E region.

(b) Labor markets and education. In *MCP #11* (December 2008), we reported for the first time some favorable trends over time in unemployment rates across the transition countries. In particular, we discerned that at least 19 transition countries were experiencing falling unemployment rates. The 2008-2009 global economic crisis reversed this trend. Unemployment rate estimates for 2010-2011 are higher than such rates in 2008 in 18 out of 22 E&E countries for which data are available.

Open unemployment is generally more problematic in the CEE countries than in Eurasia. Within the two CEE subregions, unemployment rates are generally much higher in the Southern Tier CEE, where it is around 22% on average compared to roughly 12% in the Northern Tier CEE. In addition, the Southern Tier CEE unemployment looks to be more structural in nature, while unemployment in the Northern Tier

CEE appears more cyclical. While unemployment rates had been declining in both subregions prior to the global economic crisis, the negative impact from the crisis has been much more evident in the Northern Tier CEE unemployment rates. Among the Southern Tier CEE countries, only the unemployment rate in Bosnia and Herzegovina resembles the cyclical pattern (of rising unemployment rate in 2009 and 2010, declining thereafter) prevalent in the Northern Tier CEE.

As in previous MCP reports, we update trends in the available data on education in E&E, both the quantity of education (largely enrollment rates), as well as the quality of the education (functional literacy drawing on available international test results). One set of recurring questions focuses on the role of the education systems and of the skills of the workforce in addressing the labor market challenges. To what extent might they facilitate or impede gainful employment and the reduction in unemployment?

One set of evidence points to growing supply side constraints. This is from the Business Environment and Enterprise Performance Survey (BEEPS), a periodic survey conducted among businesses in E&E by the World Bank and the EBRD. Results in 26 of the 27 E&E countries surveyed showed an increasing proportion of firms from 2005 to 2008 with a perspective that labor skills were problematic.

Enrollments have continued to increase across the three subregions in secondary education, with no evidence yet of an adverse impact from the 2008-2009 global economic crisis. Less favorable, however, are the recent trends in tertiary enrollments. Tertiary enrollment growth in Eurasia has been stagnant from 2006-2009. In the Northern Tier CEE, tertiary enrollment growth leveled off in 2008 and declined slightly in 2009. In the Southern Tier CEE, tertiary enrollments leveled off in 2008, but then increased slightly in 2009. In both Eurasia and the Southern Tier CEE, tertiary enrollment rates (at 26% and 34%, respectively) are very low by OECD standards, which generally range from 70-85%.

Students in the Northern Tier CEE countries score roughly OECD average in functional literacy. Most Southern Tier CEE and Eurasian students (where data are available) test markedly lower than OECD average. Overall change in education performance from 2006 to 2009 in E&E has been balanced and mixed between subregions.

Peace and Security. Of the three subregions, the Northern Tier CEE countries are the most peaceful and secure and the Eurasian countries are the least peaceful and secure. Greatest variation in subregional results is found within the Southern Tier CEE; peace and security in Romania is close to Northern Tier CEE average, while peace and security in Kosovo lags considerably, closer to the Eurasian average. Overall, the E&E region compares quite favorably to some of the most unstable and violent areas of the world.

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Introduction

This report (*MCP #13)* is the thirteenth edition of a periodic analysis of transition and development trends in the Eastern Europe and Eurasia (E&E) region. In addition to the charts and tables which are used to support the narrative, this report includes a methodology appendix (*Appendix 1*), a set of five gap analysis charts for each of the 29 E&E countries (*Appendix 2*), and threshold projection charts for the 18 E&E countries which remain beneficiaries of USG development (AEECA) assistance (*Appendix 3*).

The set of five gap analyses charts of *Appendix 2* consists of the component indicators of the five MCP indices: economic reforms; democratic reforms; macroeconomic performance; human capital; and peace and security. The threshold projections of *Appendix 3* refer to the estimated extrapolations of economic and democratic reform trends as measured against the "phase-out" threshold (of the reform progress of Croatia, Bulgaria, and Romania in 2006). This threshold is used in the deliberations toward phasing out of USG development assistance from the AEECA account according to the *Guidance for Revised AEECA Phase-Out Framework* (December 2010) from the Office of the Coordinator of US Assistance to Europe and Eurasia.

As in previous MCP reports, we track progress in large part by assessing results along several key dimensions which correspond to the five MCP indices. Throughout the report, we highlight and differentiate progress among three Eastern Europe and Eurasian subregions: the Northern Tier Central and Eastern Europe (CEE) countries; the Southern Tier CEE countries; and Eurasia.[1]

Elaboration of the MCP methodology is provided in *Appendix 1*. This appendix includes: (1) a general overview of the MCP system; (2) indicator definitions of the components of the MCP indices and an explanation of the one to five rating scales; and (3) the weighting schemes of the two MCP indices in which the component indicators are weighted unequally, the macroeconomic performance index and the human capital index.

Findings

***Economic Reforms* (*Figures 1-6* and *Tables 1-3*).** There was very modest progress in economic reforms in Eastern Europe and Eurasia (E&E) in 2010. In fact, 2010 represented a continuation of a notable slowdown in advances in both macroeconomic and microeconomic reforms in the region since 2008.

[1] Eurasia consists of 12 countries (the former Soviet Union less the three Baltic states: Russia; Ukraine; Moldova; Belarus; Armenia; Georgia; Azerbaijan; Kyrgyzstan; Kazakhstan; Turkmenistan; Uzbekistan; and Tajikistan). The Southern Teri CEE countries (n=9) include Bulgaria, Romania, Croatia, Albania, Bosnia-Herzegovina, Serbia, Kosovo, Montenegro, and Macedonia. The Northern Tier CEE countries (n=8) include Hungary, the Czech Republic, Slovakia, Slovenia, Poland, Estonia, Latvia, and Lithuania.

Figure 1 shows the trends since 1990 in macroeconomic reforms (drawn from the EBRD), and highlights that 2010 represented the fewest advances in macroeconomic reforms since the transition began. This observation had earlier held true for 2009. Nine indicators are included in the EBRD's macroeconomic reforms. The MCP system has re-classified four as first-stage reforms (domestic price liberalization, trade and foreign exchange liberalization, small-scale privatization, and large scale privatization), and five as second-stage reforms (enterprise restructuring or governance, competition policy reforms, banking reforms, non-bank financial reforms, and infrastructure reforms in electric power, roads, railways, water, and telecommunications). *Appendix 1* elaborates on the definitions and the methodology of measuring these indicators.

In 2010, only seven E&E countries advanced in the reforms (*Figure 2* and *Tables 1* and *2*): Poland; Montenegro; Tajikistan; and Belarus in first-stage reforms; Poland; Romania; Serbia; Bosnia-Herzegovina; and Tajikistan in second-stage economic reforms. Hungary and Slovakia saw reform slippage in one dimension in 2010, both in the financial sector.

Figure 3 shows the macroeconomic reform trends of the three subregions since the transition began. While the Northern Tier CEE countries have remained well out front since the early 1990s, the Southern Tier CEE countries had been advancing the fastest and were gradually closing the economic reform gap with the Northern Tier CEE countries for roughly a decade, from 1998 to 2008. Since 2008, the reform trajectories have been largely "flat" or stagnant in all three E&E subregions. *Figure 4* differentiates between first- and second-stage economic reforms across the three subregions and highlights the trends over time. Three salient observations stand out. One, the second-stage reform gaps are much larger between the three subregions than are the first-stage reform differences. Two, second-stage reforms in Eurasia lag considerably; as shown in the spider charts of *Appendix 2*, some second-stage reforms in parts of Eurasia have still barely begun. Three, of the two stages of reforms in the three subregions, second-stage economic reforms in the Southern Tier CEE region have been advancing the fastest in recent years.

Progress in microeconomic reforms (or reforms in the business environment) also slowed in E&E in 2010 (*Figure 5* and *Table 3*). These data are drawn from the World Bank Institute's *Doing Business* analysis. The analysis includes 183 countries and 10 business environment aspects: (1) starting a business; (2) dealing with licenses; (3) hiring and firing workers; (4) registering property; (5) getting credit; (6) protecting investors; (7) paying taxes; (8) trading across borders; (9) enforcing contracts; and (10) closing a business.

Figure 5 and *Table 3* show performance on these measures in the E&E countries (less Turkmenistan) since 2005 relative to global standards; i.e., the percentile rank is calculated. While the Northern Tier CEE countries are generally more advanced than are the other two subregions on this dimension of economic reforms, the Southern Tier CEE and Eurasian countries made notable gains from 2005 to 2009. In 2010, the overall gains in the region were offset by an almost equal number of regressions: seven countries improved their percentile rank in 2010, while six countries saw their percentile rank worsen. In 2009, it was 12 advances and 5 declines.

Figure 6 shows the actual rankings of the E&E countries compared to select other countries in the world ranging from Singapore with the top rank to Chad with the bottom rank (of 183). The E&E sub-regional averages mask considerable performance variation among countries within the subregions. While the Eurasian countries are generally lagging in the development of a beneficial business environment, Georgia has the most favorable business environment of all the E&E countries, ranking 13th worldwide. Among the Northern Tier CEE countries, Estonia ranks 17th while Poland 66th. The Southern Tier CEE countries range from Macedonia, ranked 38th, to Kosovo, ranked 119th.

Progress in economic reforms has notably slowed since 2008 due to three contributing factors. First, some reform dimensions are largely complete in some countries; many of the CEE countries, in particular, have completed most of the first-stage reforms (see *Appendix 2*). Second, most of the reforms which remain to be completed are the more difficult ones; the "low hanging fruit" has long been picked. Third, the global economic environment since 2008 has been an extraordinarily challenging environment in which to move forward on politically difficult reforms.

Democratic Reforms (Figures 7-15 and Tables 4-11). In the E&E region overall, democratic reform gains were largely offset by backsliding in 2010. Eleven countries had at least slight gains in 2010, while twelve countries experienced at least slight backsliding (*Table 4*). Net changes in at least two of the seven democratic reform dimensions according to Freedom House's *Nations in Transit* analysis occurred in 14 E&E countries (*Figure 7*). The seven democratization dimensions are: (1) electoral process; (2) civil society; (3) independent media; (4) national governance; (5) local governance; (6) rule of law; and (7) anti-corruption efforts.

The most significant backsliding in 2010 occurred in Hungary where democratic reforms regressed in four dimensions (*Table 4* and *Figure 7*). Democratic reform scores decreased in three countries along three dimensions: Ukraine; Albania; and Kosovo. The most significant advances in 2010 occurred in Moldova where democratic reforms advanced in five dimensions, followed by Slovakia with four democratic reform dimensions and Kyrgyzstan with three dimensions. Examining the components of democratic reforms, most of the gains in 2010 occurred in civil society and anti-corruption; the majority of backsliding occurred in media, local governance, and rule of law (*Table 4*).

As with economic reform trends, the Southern Tier CEE countries had been advancing in democratic reforms faster than the other two subregions and were slowly closing the democratic reform gap with the Northern Tier CEE countries for a number of years, from 1999 to 2007. Since 2007, however, as highlighted in *Figure 8*, there has been a slight erosion of democratization gains in the Southern Tier CEE countries.

In 2010, democratic reform gains largely balanced out democratic reform backsliding in both the Northern Tier CEE and Eurasia (*Figure 7* and *8*). Democratic reform stagnation in both subregions represents modest improvement from democratization trends in recent years past. As shown in *Figure 8*, democratization erosion has been a trend among the Northern Tier CEE countries since 2003. It may not be a coincidence that EU membership for these countries occurred at roughly the same time, in May

2004. *Figure 8* also highlights that democratic reform backsliding has been ongoing in Eurasia for an even longer period, since the early transition years.

Figure 9 sheds light on the democratic reform profiles across the three subregions. Which are the leading democratic reform components and which are the lagging components in each of the three subregions, and to what extent are there commonalities across the subregions? *Figure 9* suggests that there are commonalities. Civil society and the electoral process are the most advanced of the seven democratization dimensions in all three subregions. Anti-corruption is the least advanced dimension in the two CEE subregions, and is among the least advanced in Eurasia. The Northern Tier CEE countries are more developed in all of the democratization dimensions, while the Eurasian countries lag in all of them. The largest Northern Tier CEE-Eurasia gap is in electoral process; the smallest is anti-corruption efforts.

Figures 10-12 highlight the change in the democratic reform dimensions over time from 1999 to 2010 in each of the subregions. They show overall little change in most of the components among the Northern Tier CEE countries since 1999 (*Figure 10*), general progress in most dimensions among the Southern Tier CEE countries (*Figure 11*), and a general erosion of democratic reforms across all the dimensions in Eurasia (*Figure 12*). One salient common denominator across the three subregions, however, is backsliding in independent media over most of the time period since 1999.

Figure 13 is an attempt to put democratization in E&E in a global context. One hundred fifty-three countries are measured in terms of a governing justly and democratically index, which consists of five indicators: rule of law; anti-corruption; free media; political rights; and civil liberties. The first two indicators are from the World Bank Institute's *Governance Matters* dataset; the last three are from Freedom House. The index is drawn from an E&E Working Paper (*Democracy and Governance in Eurasia: A Global Comparison*, #9, September 2008), updated with 2010 data. By this measure, democratization in E&E virtually spans the global range, from Estonia, which is close to US standards and on par with Spain's democracy, to Turkmenistan, which is in the bottom five countries worldwide in democracy and governance; only Burma, N. Korea, Somalia, and Zimbabwe score lower.

The *Media Sustainability Index* and the *NGO Sustainability Index* are two empirical tools which enable a more in-depth analysis of two key dimensions in democratic reforms (*Tables 5-11* and *Figures 14-16*). Each index contains sub-elements of that particular democracy dimension. The *Media Sustainability Index* includes five components: (1) the legal environment for the sustainability of media; (2) the quality and professionalism of journalism; (3) the degree to which there are multiple news sources; (4) the business capacity of the media sector; and (5) supporting institutions needed to sustain the sector. The NGO Sustainability Index consists of seven components: (1) the legal environment for NGOs; (2) the organizational capacity of NGOs; (3) the financial viability; (4) advocacy; (5) service provision; (6) infrastructure; and (7) public image.

Of the five dimensions of media sustainability, the majority of countries are most advanced in *plurality of news* and least developed in *business management*. This is true for the Southern Tier CEE countries on average as well as the Eurasian countries; i.e., the profiles of the two subregions are roughly similar.

(Note: The Northern Tier CEE countries are not included in the *Media Sustainability Index.*) The Southern Tier CEE countries appear to be roughly equally advanced relative to the Eurasian countries on all five dimensions of the *Media Sustainability Index*. The data (from the tables) also suggest that there are greater similarities in the media profiles within the Southern Tier CEE countries than within Eurasia.

What may be most evident about the results of the *NGO Sustainability Index* is the uniformity of results across the three subregions in terms of the lagging NGO dimension; more specifically, in 25 out of the 29 countries, *financial viability* is the lagging sector (*Figure 15* and *Tables 9-11*). The leading sector is much less pronounced. The Northern Tier CEE leads in each of the seven dimensions, while Eurasia lags in each of them. The largest Northern Tier CEE-Eurasia gap is in *legal environment* followed closely by *financial viability*.

Economic and Democratic Reforms Combined (Figures 16-17* and *Table 12). *Figures 16* and *17* and *Table 12* provide a summary overview of the economic and democratic reforms in E&E in 2010. Several observations emerge, which have been common themes in previous MCP reports. (1) Those countries which are farther along in one reform dimension tend to be farther along in the other. (2) The Northern Tier CEE countries are the most homogenous in terms of their economic and democratic reform profiles; seven of the eight Northern Tier CEE countries (less Slovenia) share very similar reform profiles. (3) Of the three subregions, Eurasia is the least homogenous in reform profiles; there is a significant difference in the economic and democratic reform progress of Turkmenistan, Uzbekistan, and Belarus as compared to Ukraine, Georgia, Moldova, and Armenia. (4) Kosovo continues to be the significant Southern Tier CEE outlier, closer in reform progress to standards in Eurasia than in CEE.

Figure 17 illustrates the economic and democratic reform estimates of *Figure 16* in relation to the phase-out threshold (of the reform progress of Croatia, Bulgaria, and Romania in 2006). Macedonia looks to be closest to the reform thresholds. Phase-out projections are provided in *Appendix 3*. These projections are derived by extrapolating an actual five-year (2006-2010) trend of changes in both economic and democratic reforms. Using this method, Macedonia is projected to attain the phase-out threshold in 2017.

Macroeconomic Performance (Figures 18-31* and *Tables 13-18). The E&E region was disproportionately adversely affected by the 2008-2009 global economic crisis. Several key macroeconomic performance indicators are discussed below with an eye toward whether the root causes of the region's vulnerabilities still remain. In large part they are still relevant.

Economic growth trends. *Figure 18* shows the significant drop in economic output in the E&E region in 2009 relative to global standards. Not only was economic contraction greater in most E&E countries by global standards, but the "swing" from relatively high economic growth prior to the crisis to economic contraction in 2009 compounded the global crisis' impact in the region.

As was the case in the several years leading up to the global economic crisis, Eurasia since 2009 has resumed economic growth well above the global average and greater than both subregions in CEE, close to an annual rate of 6% in 2010 and 2011 (equally weighting the 12 countries). The Northern Tier CEE countries witnessed the most significant drop in economic output of the three subregions in 2009, but

also have had the strongest rebound since then (from -8.7% in 2009 to 2.1% in 2010 to close to 4% in 2011). The Southern Tier CEE countries have had the slowest and most sluggish recovery; at around 1% growth in 2010 and little more than 2% in 2011. The Southern Tier CEE countries also continue to lag behind the other two subregions in terms of current GDP relative to pre-transition economic output (*Figure 19*).

Figure 20 highlights the best and worst country performers in 2011 in E&E in terms of economic growth. All of the slowest growing E&E economies (at 2% or less in 2011) are in CEE with one exception, Azerbaijan. The US and the EU also have economies witnessing very slow growth of comparable magnitude, which in turn only exacerbates the economic challenges confronted by the CEE countries given the close economic ties with Western Europe.

According to the IMF's latest forecast (*World Economic Outlook*, September 2011), the world economy will expand by 4% in 2011. By comparison, there are at least a handful of E&E economies growing at a pace well above that standard. All are Eurasian economies with one exception, Estonia; all five Central Asian economies as well as the Moldovan economy have been growing at an annual rate of 6% or greater in 2011.

Macroeconomic vulnerabilities and global economic integration. *Figure 21* shows the current account balances and external debt of the region in 2007, i.e., just prior to the global economic crisis. It highlights part of the macroeconomic vulnerabilities of many of the E&E countries, particularly in CEE, to the global economic crisis; more specifically, high foreign capital demands as a result of large current account deficits and high external debt. Since 2007, there have been some significant improvements in the current account balances in the CEE countries (*Figure 22*). In no small part because of the global economic crisis, the Northern Tier CEE countries experienced a substantial swing in current account balances, from a deficit on average of 15% of GDP in 2007 to a surplus of 1% of GDP in 2009. However, current account deficits are still problematic in more than half of the E&E countries; 17 of the 29 countries have had current account deficits of 3% of GDP or more on average from 2009-2011. Of the three subregions, current account deficits are the most problematic in the Southern Tier CEE countries. In 2011, the Southern Tier CEE average current account balance was a deficit of 10% as a proportion to GDP.

Since 2008, external debt as a percentage of GDP has increased across the three subregions (*Figure 23*). It is highest and most problematic in the Northern Tier CEE countries (113% of GDP). *Figure 24* provides the most recent estimates of the current account balances and external debt in the region and compares them to those of the US as well as some of the highly vulnerable economies of Western Europe; Greece, Spain, and Italy in particular. Greece and Spain appear more vulnerable on these two dimensions than the countries of E&E. However, many E&E countries look to remain vulnerable on at least one of the two dimensions.

Fiscal balances (government revenues minus expenditures) are also problematic in many E&E countries serving to compound the macroeconomic vulnerabilities. *Table 14* shows that 10 E&E countries had fiscal deficits of close to 3% of GDP or greater on average for a sustained (at least) three year period,

from 2007-2009. Most are in CEE. More recent estimates from the Economist Intelligence Unit's monthly country reports show fiscal deficits generally worsening in the region. Eighteen E&E countries are estimated to have had fiscal deficits of close to 4% of GDP or greater on average from 2009-2011 (highlighted in *Figure 24*). They are evenly spread among the three subregions. Six are Northern Tier CEE countries: Slovenia (-5.3% of GDP); Lithuania (-7.8%); Latvia (7.4%); Slovakia (-6.6%); Poland (-7.0%); and the Czech Republic (-5.1%). Six are Southern Tier CEE countries: Montenegro (-3.8% of GDP); Croatia (-4.2%); Serbia (-4.3%); Romania (-6.1%); Albania (-4.6%); and Bosnia-Herzegovina (-4.4%). Six are Eurasian countries: Georgia (-6.5%); Armenia (-5.5%); Ukraine (-5.2%); Kyrgyzstan (-4.9%); Russia (-3.8%); and Azerbaijan (-17.3% of GDP).

The Northern Tier CEE countries have the most outward-oriented economies of the three E&E subregions as measured by export share of GDP, and the Southern Tier CEE countries are the most inward-oriented (*Figure 25* and *Table 15*). By this measure, outward-orientation has increased impressively in the Northern Tier CEE countries during the transition years, yet has increased modestly in the Southern Tier CEE and virtually none at all in the Eurasian countries, 2009 compared to 1990. The Eurasian countries have witnessed significant variability in export shares of GDP since 1990, from a low of 34% of GDP in 1998 to a high of 53% in 2000. This variability is a reflection in part of the volatile nature of the primary products which the Eurasian economies export (elaborated below).

All three subregions have experienced a decline in export shares of GDP in recent years. In 2009, export sectors contracted more than did the economies overall in most E&E countries, another indication of disproportionate vulnerabilities to global economic downturns.

Concentration and dependence of exports in fuels, metals, and precious stones remain very high in much of Eurasia (*Figure 26* and *Table 15*). In Azerbaijan, Kazakhstan, and Russia, 80% or more of exports consist of these primary products, and concentration of these exports has increased in these economies since the early 2000s. Of the nine Eurasian countries identified in *Figure 26* with significant export concentrations in these products, evidence is available in only two countries that such dependence has decreased in the past decade, in Kyrgyzstan and Ukraine. The historically high price of fuels and metals has remained a key reason for why the export sectors in Eurasia have not seen diversification in export products. *Figure 27* shows the trend in the price of oil since the 1970s. Changes in the price of metals tend to mirror energy price changes. While the price of these primary products plunged in late 2008 through 2009, price increases resumed in 2010 and now, at least in the case of oil, have stood at historically high levels in much of 2011.

Trade ties with Western Europe are significant in all three E&E subregions (*Figure 28*). They are the most significant in the Northern Tier CEE countries (where almost 60% of trade is with EU-15), followed by Eurasia (where 50% of trade is with EU-15). The Southern Tier CEE countries have the fewest trade ties with Western Europe, though still significant at almost 40% of trade with EU-15, and as highlighted below, are the most vulnerable in terms of trade ties to the most highly-indebted countries of Western Europe. The other side to the significant trade ties and economic integration with Western Europe is how relatively little trade there is within the E&E region. Each subregion traded only 31-32% of total trade within E&E in 2008 (*Figure 28*).

Figure 29 sheds some light on E&E's vulnerabilities in terms of its economic links with the three highly indebted EU countries much in the news currently: Italy, Greece, and Spain. Three E&E country groups stand out. (1) Albania and Montenegro have far and away the greatest proportion of trade with these three highly indebted EU member countries (and primarily Italy); over 40% of Montenegro's trade in 2010 and closer to 65% of Albania's trade was with these three EU member countries. (2) Five countries have a considerable proportion of trade, from around 20-30%, with these three highly indebted countries: Azerbaijan, Bulgaria, Croatia, Romania, and Bosnia and Herzegovina. (3) Another group of four countries trade roughly 10% of exports and imports with these three vulnerable countries: Macedonia, Moldova, Slovenia, and Serbia. The majority of these E&E countries, eight out of the eleven, are Southern Tier CEE countries.

Energy security and environmental sustainability. *Figure 30* and *Table 16* combine two elements of energy security: energy dependence (net energy imports as a percent of energy use) and energy efficiency (GDP per unit of energy use). In *Figure 30*, the E&E countries and a selection of other countries from the rest of the world are differentiated according to four categories related to energy security: (1) relatively energy efficient but energy dependent (Quadrant I); (2) energy inefficient and dependent (Quadrant II); (3) energy inefficient but independent (Quadrant III); and (4) energy efficient as well as energy independent (Quadrant IV). We define an energy dependent country as one which is not self-sufficient in fulfilling its energy needs; i.e., it must import some of the energy that it consumes. It is a "high bar." We classified the countries as energy efficient or inefficient according to the global average of the indicator, GDP per unit of energy use. Countries are relatively energy efficient if they exceed the global average of 6.9 (GDP in $ per unit of energy use) and relatively inefficient if less GDP is produced per unit of energy than the global average.

By these definitions, very few countries in the world are both energy efficient and independent. Denmark and Mexico, as shown in *Figure 30*, are two such examples. Argentina is close with energy independence but global average in efficiency. A handful of other Latin American countries are in this desirable quadrant. Most countries in the world need to import some of their energy consumption. This is true for the E&E region as well. Only five E&E countries, all in Eurasia, are energy independent by this definition: Turkmenistan; Azerbaijan; Kazakhstan; Russia; and Uzbekistan.

Most E&E countries are also relatively energy inefficient; that is, below the world average in terms of economic output per energy input. In fact, by this measure, all of the Eurasian countries and most of the CEE countries are energy inefficient. Moreover, the majority of the Eurasian countries are among the most energy inefficient countries in the world. Some are highly energy inefficient perhaps in part because they are also energy independent; i.e., these countries can afford to be inefficient at least in the short to medium term. This includes Uzbekistan, Russia, Kazakhstan and Turkmenistan. Saudi Arabia and Iraq have similar profiles. However, a handful of Eurasian countries are both highly energy inefficient as well as energy dependent (in Quadrant II of *Figure 30*). These include Moldova, Belarus, Kyrgyzstan, and Ukraine. Haiti and Ghana have roughly similar energy security profiles.

Figure 31 highlights a measure of environmental sustainability across the countries of the world and how the E&E countries fare in the global context on this measure. This indicator measures how an

economy might influence climate change; the availability of natural resources (including agriculture, fisheries, and forestry); biodiversity and habitat; and water and air pollution. Of the E&E countries, Albania's economy is the most environmentally sustainable by this measure. By global standards, Albania ranks 24, and is surpassed by a diverse range of countries including Nepal (ranked 1), Iceland (2), Democratic Republic of Congo (3), Costa Rica (4), Switzerland (6), Burkina Faso (7), Sweden (11), Eritrea (14), and Malawi (23).

Uzbekistan's economy is the least environmentally sustainable of the E&E countries. It outperforms only a handful of other countries in the world, all in the Middle East including the United Arab Republic, Bahrain, Qatar, and Kuwait. Overall, only five of the E&E countries are in the top half of the world's countries in terms of environmental sustainability; all are CEE countries: Albania, Latvia, Slovakia, Lithuania, and Romania. There is nevertheless a wide range of results within each of the three E&E subregions. The Southern Tier CEE countries range from Albania (ranking 24 worldwide out of 163 countries) to Bosnia and Herzegovina (150); the Northern Tier CEE countries from Latvia (35) to Slovenia (124); and Eurasia from Belarus (79) to Uzbekistan (159). The United States ranks 144.

Human Capital (Figures 32-53* and *Tables 19-20).Changes in human capital (in health and education) in E&E since our last MCP report (May 2010) have been mixed between improvements and deterioration according to the available data. While there is only moderate evidence of the impact of the 2008-2009 economic crisis on human capital indicators at this time, two types of lags merit consideration. First, these data do tend to come with a greater lag than most of the other data that are included in the MCP system, including in economic reforms, democratization, and macroeconomic performance. The most recent year of data available for human capital measures is generally 2009. Another important lag to consider is the delayed impact of economic events on social conditions. It is likely that some of the health and education repercussions from the 2008-2009 global economic crisis are still taking shape.

Health Trends. There have been continued incremental increases in life expectancy in the Northern Tier CEE countries and in Eurasia in 2009, with little change overall in the Southern Tier CEE (*Figure 32*). Thirteen countries had increasing life expectancies in 2009 and two had decreasing (Belarus due to falling female life expectancy, and Kyrgyzstan due to falling male life expectancy). Six countries had both female and male life expectancies increase in 2009: Estonia; Lithuania; Romania; Kazakhstan; Russia; and Ukraine.

The life expectancy gender gap (female minus male life expectancy) decreased in 2009 in E&E (*Figure 33*); i.e., more male increases (twelve) than female increases (seven). Kyrgyzstan stands out as the salient exception to the trend, with the gender gap increasing from eight years to ten years from 2006 to 2009. As highlighted in *Figure 33*, the life expectancy gender gap in E&E remains very large by global standards. It is largest in the world in a handful of E&E countries. In Russia, females live 12 years longer than males on average; in Ukraine, Lithuania, and Belarus, 11 years; and in Kyrgyzstan, Kazakhstan, Latvia, and Estonia, 10 years longer. Elsewhere in the world, El Salvador has a nine year life expectancy gap and Puerto Rico, eight years. The rest of the countries in the world have a gap of seven years or less. The middle income countries of the world have a life expectancy gender gap of four years, or roughly half the gap of eight years in E&E.

Figure 34 suggests that there is a positive yet weak relationship between per capita income and life expectancy in E&E. It suggests that there is much more than one's income that influences health; per capita income in Albania and Turkmenistan are not much different, yet Albanians live 12 years longer than citizens of Turkmenistan on average. In general, it may be instructive to note that most of the Eurasian countries are "below" the best fit line of *Figure 34*, while most of the CEE countries are above it. That is, for any given comparable level of income, Eurasian countries tend to have a lower life expectancy than CEE countries. We have examined in previous MCP reports the relatively unhealthy lifestyle choices made by many persons in E&E and the corresponding high adult mortality rates, particularly throughout much of Northern Eurasia.

Under-five mortality rates continued to fall in 2009 across the three subregions (*Figure 35*). The largest drops occurred where the rates are highest. From 2006-2009, the largest decreases occurred in the Central Asian Republics, Azerbaijan, Armenia, Russia, Romania, and Albania. Under-five mortality rates remain much higher in Eurasia than in CEE (*Figure 35*), though the CEE-Eurasia gap is dwarfed by the gap between Sub-Saharan Africa and E&E (*Figure 36*).

Adult mortality rates are also declining quite broadly across E&E. *Figure 37*, however, shows three distinct trends according to the three E&E subregions. In the Northern Tier CEE countries, the adult mortality rates fell in the first decade of transition and continued to do so in the second decade. In the Southern Tier CEE countries, the adult mortality rates remained at the same rate in 2000 compared to 1990, but have decreased since then. Adult mortality rates increased in Eurasia in the first decade of the transition, from 1990 to 2000, but have decreased slightly since then.

Figure 38 underscores that while the trends over time in adult mortality may now be broadly favorable in the region, the rates remain very high by global standards, particularly in most of Eurasia and parts of the Northern Tier CEE. In 2009, the adult mortality rate in Kazakhstan was 310 deaths per 1,000 persons. This compares to Kenya's adult mortality rate of 319 deaths per 1,000 persons. In Ukraine, the adult mortality rate is 274 deaths per 1,000, or close to that found in Rwanda at 279. In Russia, the adult mortality rate is 269 deaths per 1,000, higher than the adult mortality rate of 251 deaths per 1,000 in Haiti. In Belarus, it is 221 per 1,000, comparable to that found in Mongolia at 225.

The maternal mortality rate has increased recently in a number of E&E countries (*Figure 39*), reversing a general trend of declining rates. There are a number of data gaps which make it difficult to discern systematic trends, and the increases may also be due to changes in recording or registration of maternal deaths across the E&E region. With that caveat in mind, the data reveal that maternal mortality has increased from 2007-2009 in at least 10 E&E countries, most notably in Eurasia (Russia, Ukraine, Armenia, Georgia, Kyrgyzstan, and Tajikistan), and also in CEE (Hungary, Latvia, Romania, Slovakia, and Bulgaria).

The incidences of tuberculosis (TB) continue to fall steadily in CEE, a decline that has been ongoing for more than a decade, since 1998 (*Figure 40*). Most Eurasian countries have either witnessed a small decrease in the incidences of TB or little change in the incidences in recent years. Moldova is the only E&E country where TB incidences have notably increased in recent years, from 164 cases per 100,000

population in 2005 to 178 cases in 2009. As shown in *Figure 39*, TB rates are much higher in Eurasia than in the CEE countries. To compare, incidences of TB overall in the EU was 16 per 100,000 population in 2009, down from 20 in 2005. The Northern Tier CEE countries are approaching this standard, though are perhaps several years away from reaching it.

Figure 41 shows the adult HIV prevalence rate trends since 2000 of the eight countries which have the highest rates in E&E. The HIV prevalence rates have increased in all of these countries except Moldova. The rates are highest in Estonia, Ukraine, and Russia.

Figure 42 measures households' out-of-pocket health expenditures as a percentage of total expenditures on health. This indicator is one of several proxies measuring the burden of health care financing within a country and the existence and effectiveness of prepayment mechanisms within its health care system. By global standards, out-of-pocket health expenditures are very high in Eurasia and to a lesser extent in the Southern Tier CEE countries. In Eurasia, citizens directly pay for nearly half of their health expenditures; in the Southern Tier CEE, it is closer to one-third. This compares to 24% in the Northern Tier CEE countries and 13% or 14% in the US and in the EU. The out-of-pocket health expenditures as a proportion of total health expenditures have decreased slightly since 2000 in Eurasia and the Southern Tier CEE, and have held steady in the Northern Tier CEE. The largest proportion of out-of-pocket health expenditures in the E&E region are found in Azerbaijan (69%), Georgia (67%), Tajikistan (65%), and Albania (59%). Highest in the world are Burma (86%), Sierra Leone (83%), Guinea (84%), and Cote d'Ivoire (80%).

Figure 43 shows results of an effort to measure environmental health across the countries of the world. It is an index of three parts (and five indicators): (1) environmental burden of disease (measured by the disability life adjusted years); (2) air pollution's effects on humans (indoor air pollution or the percentage of the population using solid fuels, and outdoor air pollution or urban particulates); and (3) water pollution's effects on humans (access to water and to sanitation). This environmental health index represents 50% of the *Environmental Performance Index* which is produced by Yale University's Center for Environmental Law and Policy and Columbia University's Center for International Earth Science Information Network.

Of all the E&E countries, the Czech Republic has the most favorable environmental health, ranking 28 out of 163 countries worldwide. Turkmenistan has the least favorable environmental health of the E&E countries, with a ranking of 111. Almost all CEE countries score better on this measure than the Eurasian countries. The OECD countries rank among the best in environmental health, with Iceland, Canada, and Sweden on top. All of the worst performers are found in Sub-Saharan Africa. The bottom 28 countries are all in Africa; Haiti is ranked 29. Generally, the more developed the country, and/or the higher its per capita income, the more favorable is its environmental health.

Labor markets and education. In *MCP #11* (December 2008), we were able to report for the first time some favorable trends over time in unemployment rates across the transition countries. In particular, we were able to discern that at least 19 transition countries were experiencing falling unemployment rates. The 2008-2009 global economic crisis changed that. Unemployment rate estimates for 2010-

2011 are higher than such rates in 2008 in 18 out of 22 E&E countries for which data are available (*Table 18* and *Figures 44* and *45*).

Unemployment rates in four of the Northern Tier CEE countries increased from a range of 5-10% in 2007-2008 to 15-20% by 2010: the three Baltic countries as well as Slovakia. While unemployment rates may have peaked in five of the eight Northern Tier CEE countries by 2010, unemployment rate estimates for 2011 remain higher in all eight countries than prior to the global economic crisis.

Figure 45 compares some of the Northern Tier CEE countries' unemployment rate paths with those of three troubled economies outside of E&E. Spain's unemployment rate profile from 2000 to 2011 is quite similar to that of Latvia's, with the salient exception that unemployment may have peaked in 2010 in Latvia while it continued to increase in Spain in 2011. Similarly, Greece and Estonia have similar unemployment rate trajectories over this time period with the exception that unemployment in Greece is still on the rise as of 2011, while in Estonia it fell. Finally, the US and Slovenia also have roughly comparable unemployment rate trajectories since 2000.

Figures 44 and *Figure 46* suggest quite different labor market dynamics and unemployment characteristics between the Northern Tier CEE countries and the Southern Tier CEE countries. The most obvious difference may be the order of magnitude; the Northern Tier CEE unemployment rate on average is roughly 12%; it is closer to 22% in the Southern Tier CEE. In addition, the Southern Tier CEE unemployment looks to be more structural in nature, while unemployment in the Northern Tier CEE appears more cyclical. While unemployment rates had been declining in both subregions prior to the global economic crisis, the negative impact from the crisis has been much more evident in the Northern Tier CEE unemployment rates. Among the Southern Tier CEE countries, perhaps only the unemployment rate in Bosnia and Herzegovina resembles the cyclical pattern (of rising unemployment rate in 2009 and 2010, declining thereafter) prevalent in the Northern Tier CEE.

In five Southern Tier CEE countries, unemployment rates are at 20% or greater: Kosovo, Macedonia, Bosnia and Herzegovina, Serbia, and Montenegro. Still, in three of these five countries (Kosovo, Bosnia and Herzegovina, and Montenegro), unemployment rates had been much higher in previous years. Overall, these numbers suggest a long-term substantial challenge for the subregion, with or without a global economic crisis.

As in previous MCP reports, we update trends in the available data on education in E&E, both the quantity of education (largely enrollment rates), as well as the quality of the education (functional literacy drawing on available international test results). One set of key and recurring questions focuses on the role of the education systems and of the skills of the workforce in addressing the labor market challenges. To what extent might they facilitate or impede gainful employment and the reduction in unemployment? To what extent are the high unemployment rates, particularly in the Southern Tier CEE countries, a function of inadequate supply of labor (stemming from the education systems) or insufficient demand (stemming from the inability of the economies to grow at an adequate pace to create employment)? What role does government policy towards labor market regulations play in the dynamics?

One set of evidence points to growing supply side constraints. This is from the Business Environment and Enterprise Performance Survey (BEEPS), a periodic survey conducted among businesses in E&E by the World Bank and the EBRD. As noted by the World Bank in its *Turmoil at Twenty* (2010) summary update of transition progress in E&E since the collapse of communism, for the first time since the BEEPS survey started a decade ago, firms are identifying workers' education and skills as a major impediment to their growth prospects. (P. Mitra, M. Selowsky, and J. Zalduendo, *Turmoil at Twenty: Recession, Recovery, and Reform in Central and Eastern Europe and the Former Soviet Union*, World Bank [2010], p. 237).

Figure 47 highlights the findings with respect to the skills and education of the workforce from the BEEPS survey. The skills and education of the workforce were perceived to be more problematic in 2008 than in 2005 according to the perceptions of businesses across all three subregions. More specifically, results in 26 of the 27 countries surveyed showed an increasing proportion of firms from 2005 to 2008 with a perspective that labor skills were problematic; i.e., the perception of a worsening situation took place in all countries except Hungary. Businesses were asked to respond from a menu of possible business challenges, from corruption to burdensome tax rates to reliability of electricity and physical infrastructure. Therefore, the perception of problematic business constraints is relative in this survey, and the perception of labor skills as a growing problem is likely at least partly because other constraints have become less problematic.

Figures 48 and *49* provide evidence of trends in secondary and tertiary enrollments in E&E. Enrollments are highest in the Northern Tier CEE countries, considerably higher in the case of tertiary enrollments. Enrollments have continued to increase across the three subregions in secondary education, with no evidence yet of an adverse impact from the 2008-2009 global economic crisis. Less favorable, however, are the recent trends in tertiary enrollments. Tertiary enrollment growth in Eurasia has been stagnant from 2006-2009. In the Northern Tier CEE, tertiary enrollment growth leveled off in 2008 and declined slightly in 2009. In the Southern Tier CEE, tertiary enrollments leveled off in 2008, but then increased slightly in 2009. In both Eurasia and the Southern Tier CEE, tertiary enrollment rates (at 26% and 34%, respectively) are very low by OECD standards, which generally range from 70-85%.

There are three primary cross-country assessments on educational performance: (1) the Program for International Student Assessment (PISA); (2) the Trends in International Mathematics and Sciences Study (TIMSS); and (3) the Progress in International Reading Literacy Study (PIRLS). The PISA was launched in 1997 by the Organization for Economic Cooperation and Development (OECD). The PISA assessment measures students' abilities to apply math, science, and reading to practical "real world" (market economy) problems. This includes the basics toward financial literacy (e.g., the ability to balance a check book), the ability to think critically (e.g., by analyzing a newspaper editorial), or practical aspects such as basic understanding of the science of global warming. TIMSS and PIRLS were developed and are implemented by the International Association for the Evaluation of Educational Achievement (IEA), an international organization of national research institutions and government research agencies. The first TIMSS assessment was done in 1995; the first PIRLS in 2001. The TIMSS assessment measures trends in math and science achievement at the fourth grade and eight grade levels, and the PIRLS assesses reading comprehension trends among fourth graders.

Figures 50 and *51* highlight the findings from the most recent international educational assessment on functional literacy, the 2009 results from *PISA*. *Table 20* shows the results of *PISA 2009* alongside *TIMSS 2007* and *PIRLS 2006*. There remain a fairly significant number of E&E countries which have yet to participate in at least one of the three education performance assessments. As shown in *Table 20*, this includes Belarus, Tajikistan, Uzbekistan, Bosnia-Herzegovina, Kosovo, and Turkmenistan.

Students in the Northern Tier CEE countries score roughly OECD average in functional literacy. Most Southern Tier CEE and Eurasian students lag notably behind OECD standards. In Eurasia, this includes students in Kyrgyzstan, Azerbaijan, Kazakhstan, and Georgia. In the Southern Tier CEE, this includes Albania, Macedonia, Montenegro, Romania, Bulgaria, and Serbia. Test results in Albania and Macedonia compare with student performance in Indonesia; Azerbaijan with Tunisia; Montenegro with Jordan; Serbia with Chile (*Figure 50*).

Reading generally lags behind math and science in E&E (*Figure 51*), although (or maybe partly as a result) there has been more of a decline in math and science scores than in reading (*Figure 52*). Overall change in education performance from 2006 to 2009 in E&E has been balanced: five countries have seen scores decline (Azerbaijan, Czech Republic, Estonia, Slovenia, and Croatia); five countries have seen notable advancements (Slovakia, Serbia, Romania, Kyrgyzstan, and Bulgaria); and six have witnessed gains and setbacks which have largely evened out (Lithuania, Latvia, Montenegro, Poland, Russia, and Hungary).

Gender Inequality. The MCP human capital index includes a measure of gender inequality drawn from the UNDP's *Human Development Report*. This measure is an index in itself and has three dimensions: reproductive health (maternal mortality rate and adolescent fertility rate); political empowerment (share of parliamentary seats held by each sex); and labor market participation (attainment of secondary and higher education by each sex, and labor market participation rate by each sex).

Figure 53 shows the overall results for 2009 across the 140 countries which are included in the sample, 21 of which are in E&E. By this measure, all of the 21 E&E countries score roughly equal to or better than the global average of gender inequality; i.e. gender inequality in E&E is lower than global standards. Of the E&E countries, Georgia has the highest gender inequality (with a global ranking of 71); Slovenia has the lowest gender inequality (with a rank of 17). The Eurasian countries generally have higher gender inequality than do the CEE countries. Seven of the nine Eurasian countries lag considerably behind the rest of E&E in the sample; Moldova and Russia are the two Eurasian exceptions. The Northern Tier CEE countries plus Croatia have the lowest gender inequality in E&E.

Macroeconomic Performance and Human Capital Combined (Figures 54-56* and *Table 21). Similar to the scatterplot showing economic and democratic reforms (*Figure 16*), the Northern Tier CEE countries are the most advanced of the three subregions in human capital and in macroeconomic performance, while the Eurasian countries lag the most in both dimensions (*Figure 54*). *Figure 55* shows the human capital index components and *Figure 56* shows the economic performance index components. *Appendix 1* elaborates.

Cross-country and subregional differences are much larger in human capital than in economic performance. This is partly because the economic performance index includes cyclical indicators (such as economic growth and macroeconomic stability) alongside structural indicators (such as private sector share of GDP and the proportion of services in GDP). The latter set of indicators measures better longer-term development differences between countries. The former set of indicators is more readily influenced by the economic "business cycle" and tends to fluctuate more readily, both advances and regressions, which explains why the 2008-2009 global economic crisis had the effect of flattening or narrowing the economic performance scores across the entire E&E region.

Still, observations common to previous MCP reports remain relevant. One, the Northern Tier CEE countries are not only more advanced but are also more homogeneous and similar in profile on these two dimensions than the other two E&E subregions. Two, of the Southern Tier CEE countries, Kosovo and Croatia are the two salient outliers in terms of human capital; Kosovo's human capital is roughly Eurasian average, while human capital in Croatia is Northern Tier CEE standard, and in fact, alongside Slovenia, is the most advanced of all the E&E countries. Three, by Eurasian standards, Belarus is much more advanced in human capital, comparable to the more advanced Southern Tier CEE countries in this dimension. Russia is also much more advanced in human capital relative to Eurasian standards, as well as relative to its score in *MCP #12*; 3.1 in *MCP #12* versus 3.8 in *MCP #13*. However, this change in score is more the result of changes in the method of constructing the human capital index than human capital gains in Russia since our *MCP #12* (May 2010) report. Two indicators were added to the human capital index since *MCP #12*, gender inequality and environmental health, and dated estimates of poverty rates were subtracted.

Figure 55 shows the human capital profiles of the three E&E subregions. Are there similar patterns across the subregions, similar maximums and minimums? Are the three subregions consistently differentiated by the level of advancement in the components in the human capital index? On the latter question, the answer is yes, with one exception; in particular, the Northern Tier CEE countries are consistently out front on all the indicators except public expenditures on education, and Eurasia is consistently the lagging subregion on all the dimensions. Common patterns, similar maximums and minimums, are not so evident. Finally, the greatest Northern Tier CEE-Eurasia gaps are in per capita income followed by progress in education. The smallest Northern Tier CEE-Eurasia development gap is in environmental health.

Figure 56 shows the economic performance profiles of the three subregions. The three profiles overlap or intersect frequently in the chart; that is, on five dimensions (largely the structural indicators), the Northern Tier CEE countries are out front, while in three dimensions (the cyclical indicators), Eurasia is out front, and in only one indicator (in foreign direct investment) is the Southern Tier CEE the subregional leader. Common profiles are not discernable.

Peace and Security (Figures 57-59 and Tables 22-28). The MCP peace and security index is the newest index of the system. Initial results and analysis were provided in a fall 2008 working paper and then again in *MCP #12* (May 2010). Partly because the methodology has evolved since then, analysis of change in peace and security in the region over time is not yet available. As elaborated in *Appendix 1*,

the peace and security index consists of six components and aligns with the six program areas of the US foreign assistance strategic (DFA) Framework: (1) counterterrorism; (2) combating weapons of mass destruction; (3) stabilization operations and security sector reform; (4) counter-narcotics; (5) combating transnational crime; and (6) conflict mitigation.

Figure 57 compares the peace and security scores in E&E with a handful of countries outside the region. Of the three subregions, the Northern Tier CEE countries score highest and Eurasian countries score lowest. Greatest variation in subregional results is found within the Southern Tier CEE; peace and security in Romania is close to Northern Tier CEE average, while peace and security in Kosovo lags considerably, closer to Eurasian average.

The MCP peace and security sample now includes 46 countries outside of E&E in addition to the 29 E&E countries. Many of the non-E&E comparison countries were chosen because of the expectation that they would score very poorly on one or more peace and security dimensions. In other words, we were interested in seeing how peace and security in E&E compares with some of the presumably worst performers worldwide.

Overall, we find that the E&E region compares quite favorably to some of the most unstable and violent areas of the world. Of the E&E countries, Russia and Tajikistan are the least peaceful and secure by our measure. Fifteen of the 46 non-E&E comparison countries score lower than Russia and Tajikistan: in ascending order, Pakistan, Iraq, Burma, Iran, Afghanistan, Nigeria, India, Yemen, Somalia, Sudan, Colombia, Venezuela, Thailand, Mexico, and the Philippines.

The eight Northern Tier CEE countries plus Romania and Croatia are more peaceful and secure than the United States. The most peaceful and secure E&E country is Slovenia, which has a score comparable to that found in Germany.

Figure 58 highlights the peace and security profiles across the three E&E subregions. The Northern Tier CEE countries are out front of the other two subregions in all peace and security dimensions, with one exception; stabilization operations and security sector reforms are comparable in the two CEE subregions. Eurasia lags behind both CEE subregions in all the peace and security dimensions. The largest Northern Tier CEE- Eurasian peace and security gap is in combating weapons of mass destruction followed by counter-terrorism; the smallest gap is in counter-narcotics.

As was shown in *MCP #12*, results of the MCP peace and security index align quite closely with the results from the other MCP indices. In general, we find that those countries which are the most peaceful and secure also tend to be the countries which are the farthest along in economic and democratic reforms, and are the most advanced in terms of human capital and economic performance. *Figure 59* provides an updated comparison of peace and security with governing justly and democratically, drawing on the MCP global dataset for the latter measure. It seems to confirm a positive relationship between peace and security and democratization. If there are regional outliers, they would appear to be Belarus and Turkmenistan, both more peaceful and secure for their given level of democratic reforms according to a best-fit line of the relationship among E&E countries.

E&E Development Profiles across the Five MCP Indices (Figure 60). Finally, *Figure 60* summarizes the development profile across the three E&E subregions drawing on all five MCP indices. The Northern Tier CEE countries lead on all five dimensions, while Eurasia lags on all five. The smallest gap between subregions is in macroeconomic performance; the largest gap is in democratic reforms. The Southern Tier CEE countries are relatively equally advanced in all five dimensions; the indices range modestly between a "3.0" and a "3.5." The greatest variation among the five dimensions is found in the Eurasian subregion. To some extent, the Northern Tier CEE profile is the mirror image of the Eurasian profile; the most advanced dimensions in the Northern Tier CEE (democratic reforms and human capital) are the least advanced dimensions in Eurasia. The least advanced dimension in the Northern Tier CEE is macroeconomic performance, which is the most advanced dimension in Eurasia.

Table 1. First Stage Economic Policy Reforms in 2010

	Small scale privatization	Trade & Forex system	Price Liberalization		Large scale privatization		First Stage Economic Reform	
CZECH REPUBLIC	5.0	5.0	5.0		4.0		**4.8**	
ESTONIA	5.0	5.0	5.0		4.0		**4.8**	
HUNGARY	5.0	5.0	5.0		4.0		**4.8**	
LITHUANIA	5.0	5.0	5.0		4.0		**4.8**	
SLOVAKIA	5.0	5.0	5.0		4.0		**4.8**	
POLAND	5.0	5.0	5.0		3.7	↑	**4.7**	↑
LATVIA	5.0	5.0	5.0		3.7		**4.7**	
BULGARIA	4.0	5.0	5.0		4.0		**4.5**	
GEORGIA	4.0	5.0	5.0		4.0		**4.5**	
ALBANIA	4.0	5.0	5.0		3.7		**4.4**	
ARMENIA	4.0	5.0	5.0		3.7		**4.4**	
KYRGYZ REPUBLIC	4.0	5.0	5.0		3.7		**4.4**	
ROMANIA	3.7	5.0	5.0		3.7		**4.3**	
CROATIA	5.0	5.0	4.0		3.3		**4.3**	
MACEDONIA	4.0	5.0	5.0		3.3		**4.3**	
SLOVENIA	5.0	5.0	4.0		3.0		**4.3**	
MOLDOVA	4.0	5.0	4.0		3.0		**4.0**	
UKRAINE	4.0	4.0	4.0		3.0		**3.8**	
MONTENEGRO	3.7	4.0	4.0		3.3	↑	**3.7**	
KAZAKHSTAN	4.0	3.7	4.0		3.0		**3.7**	
SERBIA	3.7	4.0	4.0		2.7		**3.6**	
RUSSIA	4.0	3.3	4.0		3.0		**3.6**	
BOSNIA AND HERZ.	3.0	4.0	4.0		3.0		**3.5**	
AZERBAIJAN	3.7	4.0	4.0		2.0		**3.4**	
TAJIKISTAN	4.0	3.3	4.0	↑	2.3		**3.4**	↑
KOSOVO	3.3	4.0	4.0		1.0		**3.1**	
UZBEKISTAN	3.3	2.0	2.7		2.7		**2.7**	
BELARUS	2.3	2.3	3.3	↑	1.7		**2.4**	↑
TURKMENISTAN	2.3	2.0	2.7		1.0		**2.0**	
Northern Tier CEE	5.0	5.0	4.9		3.8		**4.7**	
Southern Tier CEE	3.8	4.6	4.4		3.1		**4.0**	
Eurasia	3.6	3.7	4.0	↑	2.8		**3.5**	

EBRD, *Transition Report 2010* (November 2010). Ratings are based on a 1 to 5 scale, with 5 being most advanced. An arrow indicates an advancement from September 2009 to September 2010. Kosovo data are for 2009.

TABLE 2. Second Stage Economic Policy Reforms in 2010

	Enterprise restructuring	Competition Policy	Banking Reform	Non-bank financial Reform	Infrastructure Reform	Second Stage Economic Reform
HUNGARY	3.7	3.3	3.7 ↓	4.0	3.7	**3.7**
ESTONIA	3.7	3.7	4.0	3.7	3.3	**3.7**
POLAND	3.7	3.3	3.7	3.7	3.3	**3.5**
CZECH REPUBLIC	3.3	3.0	4.0	3.7	3.3	**3.5**
SLOVAKIA	3.7	3.3	3.7	2.7 ↓	3.3	**3.3** ↓
LITHUANIA	3.0	3.3	3.7	3.3	3.0	**3.3**
CROATIA	3.0	3.0	4.0	3.0	3.0	**3.2**
LATVIA	3.0	3.3	3.7	3.0	3.0	**3.2**
BULGARIA	2.7	3.0	3.7	3.0	3.0	**3.1**
ROMANIA	2.7	3.0 ↑	3.3	3.0	3.3	**3.1** ↑
SLOVENIA	3.0	2.7	3.3	3.0	3.0	**3.0**
MACEDONIA	2.7	2.3	3.0	2.7	2.7	**2.7**
RUSSIA	2.3	2.3	2.7	3.0	2.7	**2.6**
UKRAINE	2.3	2.3	3.0	2.7	2.3	**2.5**
ARMENIA	2.3	2.3	2.7	2.3	2.7	**2.5**
KAZAKHSTAN	2.0	2.0	2.7	2.7	2.7	**2.4**
SERBIA	2.3	2.3 ↑	3.0	2.0	2.3	**2.4** ↑
MOLDOVA	2.0	2.3	3.0	2.0	2.3	**2.3**
BOSNIA AND HERZ.	2.0	2.0	3.0	1.7	2.7 ↑	**2.3** ↑
GEORGIA	2.3	2.0	2.7	1.7	2.7	**2.3**
ALBANIA	2.3	2.0	3.0	1.7	2.3	**2.3**
MONTENEGRO	2.0	2.0	3.0	1.7	2.3	**2.2**
AZERBAIJAN	2.0	2.0	2.3	1.7	2.0	**2.0**
KYRGYZSTAN	2.0	2.0	2.3	2.0	1.7	**2.0**
BELARUS	1.7	2.0	2.3	2.0	1.3	**1.9**
KOSOVO	2.0	1.7	2.3	1.7	1.7	**19**
TAJIKISTAN	2.0	1.7	2.3	1.0	1.7 ↑	**1.7**
UZBEKISTAN	1.7	1.7	1.7	2.0	1.7	**1.7**
TURKMENISTAN	1.0	1.0	1.0	1.0	1.0	**1.0**
Northern Tier CEE	3.4	3.2	3.7 ↓	3.4	3.2	**3.4**
Southern Tier CEE	2.4	2.4 ↑	3.1	2.3	2.6 ↑	**2.6**
Eurasia	2.0	2.0	2.4	2.0	2.0	**2.1**

EBRD, Transition Report 2010 (November 2010). Ratings are based on a 1 to 5 scale, with 5 being most advanced. An arrow indicates advancement or decline from September 2009 to September 2010.

TABLE 3. Business Environment, Percentile Rank

	2005	2006	2007	2008	2009	2010
GEORGIA	64	21	12	8	6	7
ESTONIA	10	10	10	12	13	9
LITHUANIA	9	9	15	15	14	13
LATVIA	18	14	14	16	15	13
MACEDONIA	54	53	44	39	17	21
SLOVAKIA	19	21	20	20	23	22
SLOVENIA	32	35	35	30	29	23
KYRGYZSTAN	59	51	55	38	22	24
HUNGARY	34	38	28	23	26	25
ARMENIA	21	19	23	24	23	26
BULGARIA	34	31	24	25	24	28
AZERBAIJAN	57	57	54	18	21	30
ROMANIA	41	28	26	26	30	31
KAZAKHSTAN	68	70	44	39	34	32
CZECH REPUBLIC	29	30	36	41	40	34
MONTENEGRO	37	40	46	50	39	36
BELARUS	71	74	64	47	32	37
POLAND	42	43	40	42	39	38
ALBANIA	66	69	75	48	45	45
CROATIA	77	71	59	59	56	46
SERBIA	54	39	50	52	48	49
MOLDOVA	50	59	51	57	51	49
BOSNIA AND HERZ.	52	54	65	66	63	60
KOSOVO	---	---	---	---	62	65
RUSSIA	55	55	62	66	66	67
TAJIKISTAN	74	76	86	88	83	76
UKRAINE	75	73	80	80	78	79
UZBEKISTAN	86	84	80	76	82	82
Northern Tier CEE	24	25	25	25	25	22
Southern Tier CEE	52	48	49	46	43	42
Eurasia	62	58	56	49	45	46

USAID calculations drawn from World Bank, *Doing Business 2011* (September 2010). The percentile rank is used to compare trends over time since the sample size changes yearly. For 2010, 183 countries were included in ranking.

TABLE 4. Democratic Reforms in 2010

	Electoral Process		Civil Society		Independent Media		National Governance		Local Governance		Rule of Law		Anti- Corruption		Democratic Reforms	
ESTONIA	4.5		4.5		4.7		4.2		4.0		4.7		4.2	↑	**4.4**	
SLOVENIA	4.7		4.3		4.2		4.3		4.7		4.5		4.0		**4.4**	
LATVIA	4.5	↑	4.5		4.5		4.2	↑	4.2		4.5		3.3	↓	**4.2**	
CZECH REP.	4.8	↑	4.5		4.0		3.8		4.5		4.3		3.5		**4.2**	
POLAND	4.5	↑	4.7		4.2		3.8	↑	4.5		4.0		3.5		**4.2**	↑
LITHUANIA	4.5		4.5		4.5		3.8		4.0		4.5		3.3		**4.2**	
HUNGARY	4.5		4.3	↓	3.8	↓	3.7	↓	4.0		4.3	↓	3.3		**3.9**	↓↓
SLOVAKIA	4.5	↑	4.5		3.7		3.7	↑	4.0		3.7	↑	3.2	↑	**4.0**	↑
BULGARIA	4.5		4.0		3.2		3.3	↓	3.7		3.7		3.0		**3.6**	
ROMANIA	3.8		4.0		3.0		3.0	↑	3.7		3.0		3.0		**3.4**	
CROATIA	3.5		4.0	↑	3.0		3.3		3.2		2.8		2.8	↑	**3.2**	
SERBIA	3.5		4.0	↑	3.0		3.2		3.3		2.7		2.8	↑	**3.2**	
MONTENEGRO	3.5		3.8		3.0	↓	2.8		3.5		3.0		2.3		**3.1**	
MACEDONIA	3.5		3.5		2.7	↓	3.0		3.2		3.0		3.0		**3.1**	
ALBANIA	3.0	↓	3.7		3.0		2.7	↓	3.7	↓	2.8		2.3		**3.0**	↓
BOSNIA AND HERZ.	3.5		3.3		2.5	↓	2.2		2.5		2.8	↓	2.7		**2.8**	
UKRAINE	3.3		3.8		3.2	↓	2.2		2.0	↓	2.0	↓	1.8		**2.6**	↓↓
GEORGIA	2.3	↑	3.2		2.8		1.8	↑	2.0		2.3	↓	2.5	↑	**2.4**	
MOLDOVA	3.2	↑	3.3	↑	2.0	↑	1.7	↑	1.8		2.5	↑	1.7		**2.4**	↑
KOSOVO	3.2	↓	3.2		1.8	↓	2.0	↓	2.0		1.8		1.8		**2.2**	↓
ARMENIA	1.8		3.2		1.7		1.8		1.8	↓	2.0		2.0		**2.1**	
TAJIKISTAN	1.3		1.7		1.8		1.5		1.7		1.5		1.5		**1.6**	
RUSSIA	1.2		2.0	↑	1.5		1.3		1.7	↓	1.8	↓	1.3		**1.6**	
KYRGYZSTAN	1.5	↑	2.3	↑	1.3		1.2	↑	1.3		1.5	↓	1.3	↑	**1.6**	↑
KAZAKHSTAN	1.2		1.8		1.2		1.2		1.5		1.5		1.3		**1.4**	
AZERBAIJAN	1.0	↓	1.8		1.2		1.3		1.3	↓	1.5		1.3		**1.4**	
BELARUS	1.0	↓	1.7		1.3	↓	1.2		1.2		1.2		1.7		**1.3**	
UZBEKISTAN	1.0		1.0		1.0		1.0		1.2		1.0		1.2		**1.1**	
TURKMENISTAN	1.0		1.0		1.0		1.0		1.2		1.0		1.2		**1.1**	
Northern Tier CEE	4.6	↑	4.5		4.2		3.9		4.2		4.3		3.5		**4.2**	
Southern Tier CEE	3.6		3.7		2.8	↓	2.8		3.2		2.9		2.6		**3.1**	
Eurasia	1.7		2.2		1.7		1.4		1.6	↓	1.7	↓	1.6		**1.7**	

Ratings are based on a scale from 1 to 5, with 5 representing most advanced. Drawn from Freedom House, *Nations in Transit 2011* for time period January 1, 2010, to December 31, 2010. One arrow indicates advancement or decline from previous year of 0.1; two arrows indicates advancement or decline of 0.2.

Table 5. Media Sustainability Index

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
KOSOVO	1.9	2.32	2.32	2.36	2.46	2.56	2.56	2.26	2.38	2.6	**2.54**
CROATIA	2.44	2.68	2.83	2.82	3.04	2.76	2.76	2.61	2.46	2.61	**2.48**
BULGARIA	2.22	2.37	2.26	2.56	2.52	2.98	2.98	2.71	2.78	2.43	**2.29**
ROMANIA	2.38	2.48	2.35	2.24	2.56	2.78	2.78	2.62	2.57	2.3	**2.29**
MONTENEGRO	1.58	2.12	2.31	2.42	2.47	2.52	2.52	2.35	2.15	2.21	**2.28**
ALBANIA	1.76	1.97	2.01	2.02	2.27	2.41	2.41	2.21	2.2	2.11	**2.27**
BOSNIA AND HERZ.	1.66	1.66	2.09	2.52	2.41	2.9	2.9	2.64	2.81	2.6	**2.22**
MOLDOVA	1.72	1.57	1.65	1.56	1.51	1.48	1.48	1.75	1.81	1.61	**2.1**
ARMENIA	1.65	1.71	1.89	1.67	1.65	1.6	1.6	1.81	1.86	1.85	**2.09**
SERBIA	1.86	2.42	2.52	2.46	2.5	2.47	2.47	2.39	2.35	2.07	**2.06**
UKRAINE	1.37	1.35	1.69	1.96	2.22	2.37	2.37	2	2.14	2.05	**1.96**
GEORGIA	1.82	1.71	1.96	2.14	2.23	2.4	2.4	2.07	1.89	1.82	**1.85**
KAZAKHSTAN	1.42	1.54	1.32	1.42	1.39	1.27	1.27	1.33	1.68	1.44	**1.68**
KYRGYZSTAN	1.29	1.62	1.6	1.74	1.78	1.97	1.97	1.78	1.93	1.92	**1.66**
MACEDONIA	1.73	2.02	2.32	2.53	2.58	2.44	2.44	2.28	1.71	1.55	**1.65**
AZERBAIJAN	1.74	1.76	1.94	1.81	1.9	1.74	1.74	1.84	1.67	1.71	**1.65**
RUSSIA	2	1.71	1.7	1.71	1.63	1.67	1.67	1.78	1.88	1.45	**1.5**
TAJIKISTAN	1.11	0.99	1.22	1.47	1.58	1.61	1.61	1.65	1.46	1.45	**1.42**
BELARUS	1.17	1.43	0.93	0.79	0.66	0.71	0.71	0.74	0.84	0.96	**1.02**
UZBEKISTAN	0.87	1	0.65	0.64	0.45	0.45	0.45	0.49	0.45	0.55	**0.56**
TURKMENISTAN	---	---	---	---	---	---	---	0.42	0.32	0.33	**0.35**
Southern Tier	1.95	2.23	2.33	2.44	2.53	2.65	2.65	2.45	2.38	2.28	**2.23**
Eurasia less Turkmenistan	1.49	1.51	1.54	1.56	1.58	1.58	1.58	1.59	1.61	1.54	**1.60**
Eurasia incl. Turkmenistan								1.47	1.49	1.43	**1.49**

IREX, MSI Europe and Eurasia, 2011. Scoring: 0-1, unsustainable anti-free press; 1.01-2, unsustainable mixed system; 2.01-3, near sustainability; 3.01-4, sustainable.

Table 6. Media Sustainability Index: Southern Tier Central & Eastern Europe, 2010

	Free Speech	Professional Journalism	Plurality of News	Business Management	Supporting Institutions	Average	Min/Max Difference
KOSOVO	2.7	2.54	2.78	2.15	2.5	**2.53**	
			Max	Min			0.63
CROATIA	2.54	2.08	2.83	2.24	2.68	**2.47**	
		Min	Max				0.75
ROMANIA	2.55	1.95	2.61	1.92	2.43	**2.29**	
			Max	Min			0.69
BULGARIA	2.56	1.88	2.66	2.13	2.22	**2.29**	
		Min	Max				0.78
MONTENEGRO	2.43	2.07	2.64	2.01	2.24	**2.28**	
			Max	Min			0.63
ALBANIA	2.39	2.23	2.51	1.77	2.43	**2.27**	
			Max	Min			0.74
BOSNIA AND HERZ.	2.54	1.87	2.59	1.84	2.27	**2.22**	
			Max	Min			0.75
SERBIA	2.14	1.74	2.27	1.72	2.4	**2.05**	
				Min	Max		0.68
MACEDONIA	1.66	1.69	1.7	1.39	1.79	**1.65**	
				Min	Max		0.40
SOUTHERN TIER CEE	2.39	2.01	2.51	1.91	2.33	**2.23**	
			Max	Min			0.60

Table 7. Media Sustainability Index: Eurasia, 2010

	Free Speech	Professional Journalism	Plurality of News	Business Management	Supporting Institutions	Average	Min/Max Difference
MOLDOVA	2.15	2.11	2.36	1.6	2.27	**2.10**	
			Max	Min			0.76
ARMENIA	2.2	1.93	2.3	1.85	2.05	**2.07**	
			Max	Min			0.45
UKRAINE	1.84	1.75	2.04	1.97	2.2	**1.96**	
		Min			Max		0.45
GEORGIA	2.07	1.8	1.85	1.47	2.07	**1.85**	
	Max			Min	Max		0.6
KAZAKHSTAN	1.73	1.68	1.79	1.48	1.71	**1.68**	
			Max	Min			0.31
KYRGYZSTAN	1.94	1.61	1.88	1.27	1.61	**1.66**	
	Max			Min			0.67
AZERBAIJAN	1.66	1.67	1.71	1.31	1.9	**1.65**	
				Min	Max		0.59
RUSSIA	1.52	1.24	1.76	1.35	1.64	**1.50**	
		Min	Max				0.52
TAJIKISTAN	1.57	1.43	1.59	1.16	1.33	**1.42**	
			Max	Min			0.43
BELARUS	0.68	1.15	1.13	0.93	1.22	**1.02**	
	Min				Max		0.54
UZBEKISTAN	0.43	0.66	0.53	0.73	0.46	**0.56**	
	Min			Max			0.3
TURKMENISTAN	0.28	0.75	0.25	0.14	0.31	**0.35**	
		Max		Min			0.61
Eurasia	1.51	1.48	1.60	1.27	1.56	**1.48**	
			Max	Min			0.33

Table 8. NGO Sustainability Index, 2009

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
ESTONIA	2.4	2.1	2.2	2.2	2.1	2.1	2.1	2.1	2.0	**2**
POLAND	2.1	2.1	2.2	2.1	2.3	2.3	2.3	2.3	2.2	**2.2**
CZECH REPUBLIC	2.4	2.3	2.5	2.4	2.7	2.7	2.7	2.7	2.7	**2.7**
LATVIA	2.8	2.9	2.8	2.7	2.6	2.6	2.6	2.7	2.7	**2.7**
SLOVAKIA	1.9	1.9	2.1	2.2	2.5	2.6	2.5	2.5	2.6	**2.7**
HUNGARY	2.3	2.6	2.6	2.7	2.6	2.7	2.6	2.7	2.7	**2.8**
LITHUANIA	3.1	2.9	2.7	2.6	2.7	2.7	2.7	2.7	2.7	**2.8**
CROATIA	4.3	3.8	3.7	3.5	3.5	3.4	3.3	3.2	3.2	**3.1**
BULGARIA	3.7	3.6	3.1	3.1	3.2	3.2	3.2	3.1	3.2	**3.2**
ROMANIA	4.1	4.0	3.7	3.8	3.7	3.6	3.6	3.5	3.5	**3.5**
UKRAINE	4.4	4.3	4.0	3.9	3.8	3.7	3.6	3.6	3.6	**3.5**
MACEDONIA	4.6	4.1	4.0	3.7	3.6	3.6	3.6	3.6	3.6	**3.6**
BOSNIA AND HERZ.	4.9	4.5	4.2	4.1	4.0	3.9	3.8	3.8	3.7	**3.7**
SLOVENIA	--	--	--	3.4	4.0	4.0	4.0	3.9	3.9	**3.8**
ALBANIA	4.6	4.6	4.3	4.1	3.9	3.9	3.9	3.8	3.8	**3.9**
KOSOVO	4.6	4.6	4.3	4.2	3.8	3.8	3.8	3.9	3.9	**3.9**
ARMENIA	5	4.4	4.2	4.1	4.1	4.1	4.1	4	4	**4**
KAZAKHSTAN	4.7	4.3	4.1	3.9	4.1	4.1	4.1	4.0	4.0	**4**
KYRGYZSTAN	4.3	4.3	4.0	4.1	4.2	4.1	4.1	4.1	4.1	**4.1**
MONTENEGRO	4.6	4.7	4.6	4.5	4.3	4.2	4.2	4.1	4.1	**4.1**
GEORGIA	4.0	4.0	4.2	4.1	3.9	4.0	4.0	4.1	4.2	**4.2**
MOLDOVA	4.6	4.2	4.2	4.3	4.3	4.2	4.3	4.3	4.2	**4.3**
SERBIA	4.5	4.1	4.1	4.0	4.4	4.4	4.5	4.5	4.4	**4.3**
RUSSIA	4.3	4.3	4.0	4.4	4.2	4.3	4.3	4.3	4.4	**4.4**
AZERBAIJAN	5.0	4.9	5.2	5.0	4.9	5.0	5.0	4.9	4.8	**4.7**
TAJIKISTAN	5.4	5.1	4.6	4.6	4.7	4.6	4.7	4.8	4.9	**4.8**
TURKMENISTAN	6.0	5.8	5.6	5.7	5.5	5.7	5.7	5.6	5.7	**5.7**
UZBEKISTAN	5.1	4.6	4.7	4.7	5.3	5.6	5.7	5.7	5.7	**5.7**
BELARUS	5.7	5.5	5.3	5.6	5.6	5.8	5.9	6.0	6.0	**5.9**
Northern Tier	2.4	2.4	2.4	2.5	2.7	2.7	2.7	2.7	2.7	**2.7**
Southern Tier	4.4	4.2	4.0	3.9	3.8	3.8	3.8	3.7	3.7	**3.7**
Eurasia	4.9	4.7	4.6	4.6	4.6	4.7	4.7	4.7	4.7	**4.7**

USAID, 2009 NGO Sustainability Index. Scores are based on 1 to 7, with 1-3 representing consolidation of NGO sector development, 3.01-5 representing mid transition, and 5.01-7 representing early transition.

Table 9. 2009 NGO Sustainability Index, Northern Tier CEE

	Legal Environment	Organizational Capacity	Financial Viability	Advocacy	Service Provision	Infrastructure	Public Image	Overall Score	Max/Min Difference
ESTONIA	1.7	2.3	2.4	1.8	2.3	1.6	1.9	**2.0**	
			Min			Max			0.8
POLAND	2.2	2.6	2.7	1.8	2.2	1.7	2.2	**2.2**	
			Min			Max			1
CZECH REPUBLIC	3.0	3.0	3.1	2.3	2.3	2.8	2.5	**2.7**	
			Min	Max	Max				0.8
LATVIA	2.4	3	3.3	2.2	2.5	2.4	3.3	**2.7**	
			Min	Max			Min		1.1
SLOVAKIA	2.8	3	3.3	2.6	2.5	2.3	2.4	**2.7**	
			Min			Max			1
HUNGARY	1.7	3	3.6	3.1	2.6	2.2	3.3	**2.8**	
	Max		Min						1.9
LITHUANIA	2.2	2.9	3	2.1	3.5	3	2.9	**2.8**	
				Max	Min				1.4
SLOVENIA	3.5	3.9	4.4	3.8	3.5	3.7	3.8	**3.8**	
	Max		Min		Max				0.9
Northern Tier CEE	2.4	3	3.2	2.5	2.7	2.5	2.8	**2.7**	
	Max		Min						0.8

Table 10. 2009 NGO Sustainability Index, Southern Tier CEE

	Legal Environment	Organizational Capacity	Financial Viability	Advocacy	Service Provision	Infrastructure	Public Image	Overall Score	Max/Min Difference
CROATIA	2.8	3	4.1	3.2	3.1	2.7	2.9	**3.1**	
			Min			Max			1.4
BULGARIA	2	4.3	4.4	2.6	3.2	3.1	3	**3.2**	
	Max		Min						2.4
ROMANIA	3.5	3.5	4.2	3.4	3.1	3.2	3.7	**3.5**	
			Min		Max				1.1
MACEDONIA	3.2	3.7	4.5	3.2	3.8	3.2	3.9	**3.6**	
	Max		Min	Max		Max			1.3
BOSNIA AND HERZ.	3.4	3.4	4.8	3.1	4	3.9	3.3	**3.7**	
			Min	Max					1.7
ALBANIA	3.8	3.9	4.6	3.4	3.7	4	3.8	**3.9**	
			Min	Max					1.2
KOSOVO	3.5	3.7	4.8	3.8	3.9	3.6	3.7	**3.9**	
	Max		Min						1.3
MONTENEGRO	3.6	4.4	4.9	3.5	4	3.9	4.4	**4.1**	
			Min	Max					1.4
SERBIA	4.4	4.2	5.3	3.8	4.3	3.7	4.6	**4.3**	
			Min			Max			1.6
Southern Tier CEE	3.4	3.8	4.6	3.3	3.7	3.5	3.7	**3.7**	
			Min	Max					1.3

Table 11. 2009 NGO Sustainability Index, Eurasia

	Legal Environment	Organizational Capacity	Financial Viability	Advocacy	Service Provision	Infrastructure	Public Image	Overall Score	Max/Min Difference
UKRAINE	3.6	3.6	4.2 Min	2.8 Max	3.3	3.5	3.8	**3.5**	1.4
ARMENIA	3.9	3.9	5.2 Min	3.4 Max	3.9	3.5	3.9	**4**	1.8
KAZAKHSTAN	3.8	4.1	4.6 Min	3.8	4	3.7 Max	4.1	**4**	0.9
KYRGYZSTAN	3.9	4.3	5.1 Min	3.5 Max	4	3.7	4.2	**4.1**	1.6
GEORGIA	3.3 Max	4.1	5.3 Min	4.4	4.1	4.3	4.2	**4.2**	2
MOLDOVA	4.4	4.1	5.2 Min	3.7 Max	4.5	3.7 Max	4.2	**4.3**	1.5
RUSSIA	4.8 Min	4.3	4.7	4.1	4.2	3.9 Max	4.7	**4.4**	0.9
AZERBAIJAN	4.7	4.5	5.5 Min	4.6	4.6	4.4 Max	4.8	**4.7**	1.1
TAJIKISTAN	4.9	4.6	5.6 Min	5.1	4.5	4.6	4.5 Max	**4.8**	1.1
TURKMENISTAN	6.3 Min	5.3	6	6.1	5.2 Max	5.2 Max	5.5	**5.7**	1.1
UZBEKISTAN	6	5.4 Max	6.1 Min	5.9	5.4 Max	5.6	5.6	**5.7**	0.7
BELARUS	6.9 Min	5.1 Max	6.6	6	5.5	5.4	6	**5.9**	1.8
Eurasia	4.7	4.4	5.3 Min	4.5	4.4	4.3 Max	4.6	**4.6**	1.0

Table 12. Economic and Democratic Reforms in Eastern Europe and Eurasia, 2010

	ECONOMIC REFORMS			DEMOCRATIC REFORMS		
	RATING (1 to 5)	RANKING			RATING (1 to 5)	RANKING
HUNGARY	4.2	1		ESTONIA	4.4	1
ESTONIA	4.2	1		SLOVENIA	4.4	1
POLAND	4.0	3		CZECH REPUBLIC	4.2	3
CZECH REPUBLIC	4.0	3		LATVIA	4.2	3
SLOVAKIA	4.0	3		LITHUANIA	4.2	3
LITHUANIA	3.9	6		POLAND	4.2	3
LATVIA	3.9	6		SLOVAKIA	4.0	7
BULGARIA	3.7	8		HUNGARY	3.9	8
CROATIA	3.7	8		BULGARIA	3.6	9
ROMANIA	3.6	10		ROMANIA	3.4	10
SLOVENIA	3.6	10		CROATIA	3.2	11
MACEDONIA	3.4	12		SERBIA	3.2	11
ARMENIA	3.3	13		MONTENEGRO	3.1	13
GEORGIA	3.3	13		MACEDONIA	3.1	13
ALBANIA	3.2	15		ALBANIA	3.0	15
KYRGYZSTAN	3.1	16		BOSNIA AND HERZ.	2.8	16
MOLDOVA	3.1	16		UKRAINE	2.6	17
UKRAINE	3.1	16		GEORGIA	2.4	18
RUSSIA	3.0	19		MOLDOVA	2.4	18
KAZAKHSTAN	3.0	19		KOSOVO	2.2	20
SERBIA	2.9	21		ARMENIA	2.1	21
MONTENEGRO	2.9	21		TAJIKISTAN	1.6	22
BOSNIA AND HERZ.	2.8	23		KYRGYZSTAN	1.6	22
AZERBAIJAN	2.6	24		RUSSIA	1.6	22
TAJIKISTAN	2.5	25		KAZAKHSTAN	1.4	25
KOSOVO	2.4	26		AZERBAIJAN	1.4	25
UZBEKISTAN	2.2	27		BELARUS	1.3	27
BELARUS	2.1	28		UZBEKISTAN	1.1	28
TURKMENISTAN	1.4	29		TURKMENISTAN	1.1	28
Northern Tier CEE	4.0			Northern Tier CEE	4.2	
Southern Tier CEE	3.2			Southern Tier CEE	3.1	
Eurasia	2.7			Eurasia	1.7	

USAID calculations drawing from EBRD, *Transition Report 2010*, Freedom House, *Nations in Transit* 2011.

Table 13. Economic Performance

	FDI (% of GDP) 5 yr. avg.	MCP score	Private Sector Share of GDP (%) 2010	MCP score	Macro Stability, 3 yr. avg.	GDP Growth, 5 yr. avg. (%)	MCP score	Income Inequal-ity Ratio, 2009	MCP score	Export share & compo-sition 2008-9	Services (% of GDP) 2009	MCP score	Energy Security 2008-9	Un-employment (2 yr. avg)	MCP score	Environ-mental sustain-ability 2010	MCP score	Aver-age MCP score
SLOVAKIA	3.4	2.0	80	5.0	3.0	5.6	3.9	3.6	5.0	4.2	63	4.0	2.5	13.2	3.2	64.4	3.7	**3.7**
MONTENEGRO	20.8	5.0	65	3.5	2.2	5.7	4.0	4.6	4.5	2.2	70	5.0	--	18.0	2.3	55.6	3.1	**3.6**
ROMANIA	6.2	2.7	70	4.0	3.0	4.8	3.5	4.9	4.3	2.8	67	5.0	3.1	6.9	4.4	61.3	3.5	**3.6**
HUNGARY	23.0	5.0	80	5.0	2.3	1.4	1.7	4.8	4.4	4.8	66	5.0	2.8	10.7	3.7	55.6	3.1	**3.6**
CZECH REPUBLIC	4.6	2.3	80	5.0	3.3	3.4	2.8	3.5	5.0	4.2	60	3.0	2.9	7.0	4.4	56.4	3.2	**3.5**
ESTONIA	11.4	4.2	80	5.0	2.5	3.3	2.7	5.0	4.2	3.7	68	5.0	2.8	15.3	2.8	50.8	2.8	**3.5**
AZERBAIJAN	-0.8	1.0	75	4.5	4.3	19.1	5.0	5.3	4.0	2.2	32	1.0	3.9	6.0	4.6	55.4	3.1	**3.5**
POLAND	3.8	2.1	75	4.5	3.1	4.5	3.4	5.6	3.8	2.8	66	5.0	3.2	8.6	4.1	51.0	2.8	**3.5**
ALBANIA	4.9	2.4	75	4.5	3.0	4.7	3.5	5.3	4.0	2.3	60	3.0	3.7	12.8	3.3	72.9	4.4	**3.4**
KAZAKHSTAN	7.9	3.2	65	3.5	2.8	5.6	3.9	4.6	4.5	2.1	53	3.0	3.2	6.2	4.6	45.3	2.4	**3.4**
BULGARIA	18.5	5.0	75	4.5	2.4	5.1	3.7	10.2	1.0	2.8	64	4.5	2.4	8.6	4.1	51.9	2.8	**3.3**
GEORGIA	11.0	4.0	75	4.5	2.6	6.0	4.1	8.9	1.3	2.2	69	5.0	2.7	16.9	2.6	55.2	3.1	**3.3**
CROATIA	6.2	2.7	70	4.0	2.8	2.7	2.4	5.2	4.1	2.7	66	5.0	3.2	10.7	3.7	54.8	3.1	**3.3**
LITHUANIA	3.9	2.1	75	4.5	2.5	4.5	3.4	6.7	2.9	3.3	64	4.5	2.7	15.8	2.8	62.3	3.6	**3.3**
ARMENIA	6.5	2.8	75	4.5	3.0	7.8	5.0	4.5	4.6	1.5	45	2.0	2.4	17.6	2.4	49.2	2.7	**3.3**
SLOVENIA	1.9	1.5	70	4.0	2.7	2.9	2.5	3.2	5.0	3.5	64	4.5	2.9	6.6	4.5	44.9	2.4	**3.3**
LATVIA	5.0	2.4	70	4.0	2.1	4.2	3.2	6.3	3.2	2.8	77	5.0	3.0	18.1	2.3	70.0	4.1	**3.2**
RUSSIA	3.0	1.8	65	3.5	4.1	5.1	3.7	8.2	1.9	1.7	62	4.0	3.4	8.0	4.2	53.8	3.0	**3.2**
SERBIA	8.5	3.3	60	3.0	2.6	4.7	3.5	4.1	4.9	2.3	59	3.0	2.6	18.4	2.3	55.6	3.1	**3.1**
KYRGYZSTAN	4.6	2.3	75	4.5	2.7	3.4	2.8	4.9	4.3	2.5	51	3.0	2.1	5.9	4.6	54.1	3.0	**3.1**
MOLDOVA	7.7	3.1	65	3.5	2.6	4.1	3.2	6.7	3.0	2.0	77	5.0	1.4	6.9	4.4	48.9	2.6	**3.1**
BELARUS	2.3	1.6	30	1.0	3.2	8.4	5.0	4.0	5.0	2.7	48	2.0	1.7	--	--	56.0	3.1	**3.0**
KOSOVO	6.8	2.9	75	4.5	3.0	3.5	2.8	--	4.0	1.2	68	5.0	--	45.6	1.0	--	--	**3.0**
UKRAINE	5.9	2.6	60	3.0	2.4	2.9	2.5	3.9	5.0	2.8	62	4.0	2.0	8.4	4.2	42.6	2.2	**3.0**
TAJIKISTAN	6.3	2.7	55	2.5	2.5	4.8	3.5	4.2	4.8	1.1	54	3.0	2.6	--	--	50.5	2.8	**2.9**
BOSNIA & HERZ.	6.2	2.7	60	3.0	3.2	4.4	3.3	6.4	3.1	2.4	64	4.5	2.7	25.6	1.0	34.6	1.6	**2.8**
TURKMENISTAN	5.4	2.5	25	1.0	4.6	8.8	5.0	7.9	2.1	3.0	34	1.0	3.0	--	--	25.5	1.0	**2.8**
UZBEKISTAN	1.9	1.5	45	1.5	4.1	6.1	4.2	6.2	3.3	2.0	47	2.0	2.7	--	--	20.4	1.0	**2.7**
MACEDONIA	5.0	2.4	70	4.0	3.2	3.6	2.9	9.3	1.0	2.5	52	3.0	2.7	32.2	1.0	43.4	2.2	**2.5**
Northern Tier CEE	7.1	2.7	76.3	4.6	2.7	3.7	3.0	4.8	4.2	3.6	66.0	4.5	2.9	11.9	3.5	56.9	3.2	**3.4**
Southern Tier CEE	9.2	3.2	68.9	3.9	2.8	4.4	3.3	6.2	3.4	2.4	63.3	4.2	2.9	19.9	2.6	53.8	3.0	**3.2**
Eurasia	5.1	2.4	59.2	3.1	3.2	6.8	4.0	5.8	3.7	2.1	52.8	2.9	2.6	9.5	4.0	46.4	2.5	**3.1**

GDP growth is double weighted in the economic performance index. Primary sources include the EBRD, *Transition Report 2010*; World Bank, *World Development Indicators* (2011); UNECE, *Statistical Division Database (2011)*.

Table 14. Macro Stability

	Inflation, 3 yr. avg. (%), 2007-09	MCP score	External debt (% GDP), 3 yr. avg., 2007-09	MCP score	Fiscal Balance (% GDP), 3 yr. avg., 2007-09	MCP score	Current Account Balance, 3 yr. avg. (% of GDP), 2007-09	MCP score	Average MCP score
TURKMENISTAN	8.7	3.3	2.8	5.0	7.0	5.0	21.2	5.0	**4.6**
AZERBAIJAN	12.7	2.5	20.1	4.9	14.0	5.0	28.8	5.0	**4.3**
UZBEKISTAN	13.2	2.4	15.0	5.0	5.4	4.6	7.8	4.5	**4.1**
RUSSIA	9.8	3.0	34.4	4.3	5.7	4.7	5.4	4.2	**4.1**
CZECH REPUBLIC	3.3	4.3	53.1	3.6	-2.0	2.0	-1.7	3.3	**3.3**
MACEDONIA	3.6	4.3	53.5	3.6	-0.2	2.6	-9.2	2.4	**3.2**
BELARUS	10.1	3.0	32.4	4.4	1.0	3.1	-9.4	2.3	**3.2**
BOSNIA & HERZ.	2.9	4.4	42.3	4.0	-1.7	2.1	-10.7	2.2	**3.2**
POLAND	2.9	4.4	55.4	3.5	-3.9	1.3	-3.8	3.0	**3.1**
SLOVAKIA	2.7	4.5	60.1	3.3	-3.7	1.4	-4.8	2.9	**3.0**
KOSOVO	4.1	4.2	30.0	4.5	-0.9	2.4	-21	1.0	**3.0**
ROMANIA	5.2	4.0	39.7	4.1	-3.0	1.6	-10	2.2	**3.0**
ARMENIA	5.1	4.0	40.0	4.1	-2.9	1.7	-11.2	2.1	**3.0**
ALBANIA	2.5	4.5	29.2	4.5	-5.9	1.0	-13.9	1.8	**3.0**
KAZAKHSTAN	10.6	2.9	92.4	2.1	1.2	3.1	-2.1	3.2	**2.8**
CROATIA	3.4	4.3	89.1	2.2	-1.6	2.1	-7.3	2.6	**2.8**
SLOVENIA	3.2	4.4	106.4	1.5	-1.9	2.0	-4.3	3.0	**2.7**
KYRGYZSTAN	12.8	2.4	55.0	3.5	-1.0	2.4	-7.3	2.6	**2.7**
GEORGIA	6.7	3.7	47.1	3.8	-3.0	1.6	-17.9	1.3	**2.6**
SERBIA	7.8	3.4	68.0	3.0	-1.7	2.1	-13.4	1.8	**2.6**
MOLDOVA	8.4	3.3	62.2	3.2	-2.1	1.9	-13.4	1.8	**2.6**
TAJIKISTAN	12.4	2.5	46.3	3.9	-5.1	1.0	-5.3	2.8	**2.5**
ESTONIA	5.6	3.9	120.5	1.0	-0.1	2.7	-7.6	2.6	**2.5**
LITHUANIA	6.4	3.7	78.6	2.6	-4.3	1.2	-7.5	2.6	**2.5**
UKRAINE	15.6	1.9	66.8	3.1	-2.7	1.8	-4.1	3.0	**2.4**
BULGARIA	7.4	3.5	103.7	1.6	2.1	3.4	-19.9	1.0	**2.4**
HUNGARY	5.4	3.9	118.0	1.1	-4.2	1.2	-4.4	3.0	**2.3**
MONTENEGRO	4.5	4.1	89.4	2.2	-3.4	1.5	-22.8	1.0	**2.2**
LATVIA	9.1	3.2	140.9	1.0	-2.7	1.7	-9.0	2.4	**2.1**
Northern Tier CEE	4.8	4.0	91.6	2.2	-2.9	1.7	-5.4	2.9	**2.7**
Southern Tier CEE	4.6	4.1	60.5	3.3	-1.8	2.1	-14.2	1.8	**2.8**
Eurasia	10.5	2.9	42.9	3.9	1.5	3.0	-0.6	3.2	**3.2**

EBRD, *Transition Report* (November 2010); World Bank, *World Development Indicators* (2011), and IMF, *World Economic Outlook* (2011); European Central Bank, Statistical Warehouse.

Table 15. Export Share and Composition

	Export share (% GDP) 2009	MCP score	Manufacturing (% total exports) 2009	MCP score	High tech (% Exports) 2008	MCP score	MCP Average
HUNGARY	81	4.8	82.2	4.6	19.4	4.8	**4.8**
CZECH REPUBLIC	70	4.3	86.7	4.9	12.5	3.4	**4.2**
SLOVAKIA	99	5.0	85.8	4.8	4.5	1.9	**4.2**
ESTONIA	71	4.3	62.3	3.7	6.9	2.4	**3.7**
SLOVENIA	59	3.6	86.9	4.9	5.3	2.0	**3.5**
LITHUANIA	60	3.7	54.9	3.4	6.3	2.2	**3.3**
TURKMENISTAN	76	4.6	15.0	1.5	1	1.2	**3.0**
POLAND	39	2.5	79.6	4.5	4.2	1.8	**2.8**
UKRAINE	46	2.9	70.5	4.1	2.3	1.4	**2.8**
LATVIA	42	2.7	60.7	3.7	4.5	1.9	**2.8**
BULGARIA	48	3.0	52.8	3.3	3.4	1.7	**2.8**
ROMANIA	33	2.2	79.0	4.5	5.5	2.1	**2.8**
CROATIA	36	2.4	66.4	3.9	6.4	2.2	**2.7**
BELARUS	51	3.2	47.8	3.1	1.2	1.2	**2.7**
MACEDONIA	44	2.8	50.9	3.2	0.8	1	**2.5**
KYRGYZSTAN	50	3.1	33.7	2.4	1.0	1.2	**2.5**
BOSNIA AND HERZ.	33	2.2	60.7	3.7	2.5	1.5	**2.4**
ALBANIA	29	2.0	70.0	4.1	1.2	1.2	**2.3**
SERBIA	27	1.9	65.9	3.9	2	1.3	**2.3**
GEORGIA	30	2.1	55.4	3.4	1.5	1.3	**2.2**
MONTENEGRO	33	2.2	---	---	--	--	**2.2**
AZERBAIJAN	52	3.3	3.1	1.0	0.0	1.0	**2.2**
KAZAKHSTAN	42	2.7	14.1	1.5	3.2	1.6	**2.1**
UZBEKISTAN	36	2.4	10	1.2	--	--	**2.0**
MOLDOVA	37	2.4	22.7	1.9	1.3	1.3	**2.0**
RUSSIA	28	1.9	17.2	1.7	1.1	1.2	**1.7**
ARMENIA	12	1.1	32.5	2.4	1.3	1.2	**1.5**
KOSOVO	14	1.2	---	---	--	--	**1.2**
TAJIKISTAN	13	1.1	---	---	--	--	**1.1**
Northern Tier CEE	65.1	3.9	74.9	4.3	8.0	2.6	**3.6**
Southern Tier CEE	33.0	2.2	63.7	3.8	3.1	1.6	**2.4**
Eurasia	39.4	2.6	29.3	2.2	1.4	1.3	**2.1**

Export share of GDP is double-weighted in the average. World Bank, *World Development Indicators* (2011).

Table 16. Energy Security

	Dependency Net Energy Imports % Energy Use		Efficiency GDP per unit of energy use 2005 PPP $ per Kilogram of oil equivalent		Energy Security
	2008/9	MCP score	2008	MCP score	MCP score
AZERBAIJAN	-338	5.0	5.3	2.8	**3.9**
ALBANIA	45	2.4	11	5.0	**3.7**
RUSSIA	-83	5.0	3.1	1.7	**3.4**
CROATIA	57	2.1	8.5	4.4	**3.2**
POLAND	29	2.9	6.8	3.5	**3.2**
KAZAKHSTAN	-109	5.0	2.3	1.3	**3.2**
ROMANIA	27	2.9	6.4	3.3	**3.1**
LATVIA	60	2.0	7.9	4.1	**3.0**
TURKMENISTAN	-265	5.0	1.7	1.0	**3.0**
SLOVENIA	53	2.2	7.1	3.7	**2.9**
CZECH REPUBLIC	27	2.9	5.3	2.8	**2.8**
HUNGARY	57	2.1	6.8	3.5	**2.8**
ESTONIA	22	3.0	4.7	2.5	**2.7**
MACEDONIA	45	2.4	5.8	3.0	**2.7**
LITHUANIA	58	2.1	6.4	3.3	**2.7**
BOSNIA AND HERZ.	28	2.9	4.7	2.5	**2.7**
GEORGIA	64	1.9	6.6	3.4	**2.7**
UZBEKISTAN	-23	4.3	1.3	1.0	**2.7**
TAJIKISTAN	40	2.6	4.8	2.5	**2.6**
SERBIA	38	2.6	4.7	2.5	**2.5**
SLOVAKIA	66	1.8	6.1	3.2	**2.5**
BULGARIA	48	2.3	4.6	2.4	**2.4**
ARMENIA	73	1.7	5.8	3.0	**2.4**
KYRGYZSTAN	58	2.1	3.8	2.1	**2.1**
UKRAINE	40	2.6	2.3	1.3	**2.0**
BELARUS	86	1.3	4	2.2	**1.7**
MOLDOVA	97	1.0	3.1	1.7	**1.4**
KOSOVO	---	---	---	---	**---**
MONTENEGRO	---	---	---	---	**---**
Northern Tier CEE	46.5	2.4	6.4	3.3	**2.9**
Southern Tier CEE	41.1	2.5	6.5	3.3	**2.9**
Eurasia	-30.0	3.1	3.7	2.0	**2.6**

World Bank, *World Development Indicators* (2011).

Table 17. Income Inequality

	Income share held by highest 20%*	Income share held by lowest 20%*	Ratio of highest/lowest	MCP score
BELARUS	36.4	9.2	4.0	**5.0**
SLOVENIA	33.1	10.2	3.2	**5.0**
CZECH REPUBLIC	35.6	10.3	3.5	**5.0**
SLOVAKIA	34.9	9.8	3.6	**5.0**
UKRAINE	37.1	9.4	3.9	**5.0**
SERBIA	37.4	9.1	4.1	**4.9**
TAJIKISTAN	39	9.3	4.2	**4.8**
ARMENIA	39.8	8.8	4.5	**4.6**
MONTENEGRO	38.8	8.5	4.6	**4.5**
KAZAKHSTAN	39.9	8.7	4.6	**4.5**
HUNGARY	39.9	8.4	4.8	**4.4**
ROMANIA	39.3	8.1	4.9	**4.3**
KYRGYZSTAN	42.8	8.8	4.9	**4.3**
ESTONIA	39.2	7.8	5.0	**4.2**
CROATIA	42	8.1	5.2	**4.1**
AZERBAIJAN	42.1	8	5.3	**4.0**
KOSOVO	--	--	--	**4.0**
ALBANIA	43	8.1	5.3	**4.0**
POLAND	42.2	7.6	5.6	**3.8**
UZBEKISTAN	44.2	7.1	6.2	**3.3**
LATVIA	42.9	6.8	6.3	**3.2**
BOSNIA AND HERZ.	43.2	6.7	6.4	**3.1**
MOLDOVA	45.3	6.8	6.7	**3.0**
LITHUANIA	44.4	6.6	6.7	**2.9**
TURKMENISTAN	47.2	6	7.9	**2.1**
RUSSIA	48.9	6	8.2	**1.9**
GEORGIA	47.2	5.3	8.9	**1.3**
MACEDONIA	50.3	5.4	9.3	**1.0**
BULGARIA	51	5	10.2	**1.0**
Northern Tier CEE	39.0	8.4	4.8	**4.2**
Southern Tier CEE	43.1	7.4	6.2	**3.4**
Eurasia	42.5	7.8	5.8	**3.7**

*Includes most recent data available, 2006-2009. World Bank, *World Development Indicators* 2011; Eurostat, 16/2011. For Kosovo, the Gini coefficient is used (30.2≈4.0); World Bank report (March 2011).

Table 18. Unemployment as Percentage of Labor Force

	2008	2009	2010	2 yr. Average	MCP score
KYRGYZSTAN	5.4	6.0	5.8	5.9	**4.6**
AZERBAIJAN	6.1	6.0	6.0	6.0	**4.6**
KAZAKHSTAN	6.6	6.6	5.8	6.2	**4.6**
SLOVENIA	4.4	5.9	7.2	6.6	**4.5**
MOLDOVA	4.0	6.4	7.4	6.9	**4.4**
ROMANIA	4.0	6.3	7.6	6.9	**4.4**
CZECH REPUBLIC	4.4	6.7	7.3	7.0	**4.4**
RUSSIA	6.4	8.4	7.5	8.0	**4.2**
UKRAINE	6.4	8.8	8.1	8.4	**4.2**
POLAND	7.1	8.2	9.0	8.6	**4.1**
BULGARIA	5.7	6.9	10.3	8.6	**4.1**
HUNGARY	8.0	10.1	11.2	10.7	**3.7**
CROATIA	8.3	9.1	12.3	10.7	**3.7**
ALBANIA	12.5	13.1	12.5	12.8	**3.3**
SLOVAKIA	9.6	12.1	14.4	13.2	**3.2**
ESTONIA	5.5	13.7	16.9	15.3	**2.8**
LITHUANIA	5.8	13.7	17.8	15.8	**2.8**
GEORGIA	16.5	16.9	16.8	16.9	**2.6**
ARMENIA	16.4	18.7	--	17.6	**2.4**
MONTENEGRO	16.8	19.1	--	18.0	**2.3**
LATVIA	7.8	17.3	19.0	18.1	**2.3**
SERBIA	14.7	17.4	19.4	18.4	**2.3**
BOSNIA AND HERZ.	23.4	24.1	27.2	25.6	**1.0**
KOSOVO	45.7	45.4	--	45.6	**1.0**
MACEDONIA	33.8	32.2	32.2	32.2	**1.0**
BELARUS	--	--	--	--	**--**
TAJIKISTAN	--	--	--	--	**--**
TURKMENISTAN	--	--	--	--	**--**
UZBEKISTAN	--	--	--	--	**--**
Northern Tier CEE	6.6	11.0	12.9	11.9	**3.5**
Southern Tier CEE	18.3	19.3	17.4	19.9	**2.6**
Eurasia	7.5	8.7	7.2	8.4	**4.0**

IMF, World Economic Outlook Database, April 2011; World Bank, *World Development Indicators* (2011); UNECE Statistical Database. Unemployment numbers for Armenia from Asian Development Bank, *Armenia Country Report* 2010.

Table 19. Human Capital

	GNI per capita, PPP, 2009	MCP score	Under-5 Mortality (per 1000) 2009	MCP score	Life Expectancy 2009	MCP score	TB Incidence per 100,000, 2009	MCP score	Public Exp. on Health (% of GDP), 2009	MCP score	Public exp. on educ., (% of GDP), 2009	MCP score	Education Gaps	Environmental Health, 2010	MCP score	Gender Inequality Index, 2008	MCP score	Total MCP score
CROATIA	19200	5	5	4.9	76	4.6	25	4.6	6.6	5.0	4.6	3.3	5.0	82.5	4.5	0.345	4.08	**4.7**
POLAND	18290	5	7	4.8	76	4.6	24	4.7	4.8	3.5	4.9	3.7	5.0	75.2	4.2	0.325	4.42	**4.7**
SLOVENIA	26470	5	3	5.0	79	5.0	12	5.0	6.4	4.8	5.7	4.8	4.0	85	4.6	0.293	4.67	**4.7**
ESTONIA	19120	5	6	4.9	75	4.2	30	4.5	5.3	3.9	4.8	3.6	5.0	76.9	4.2	0.409	4.2	**4.6**
SLOVAKIA	22110	5	7	4.8	75	4.2	9	5.0	5.7	4.3	3.6	2.0	5.0	84.5	4.6	0.352	4.22	**4.6**
HUNGARY	19090	5	6	4.9	74	3.8	16	4.9	5.1	3.8	5.2	4.1	5.0	82.7	4.5	0.382	3.84	**4.6**
CZECH REPUBLIC	23940	5	4	5.0	77	5.0	9	5.0	6.1	4.6	4.2	2.8	4.0	86.9	4.7	0.33	4.38	**4.5**
LITHUANIA	17310	5	6	4.9	73	3.4	71	3.5	5.5	4.1	4.7	3.5	5.0	74.3	4.1	0.359	4.22	**4.5**
LATVIA	17610	5	8	4.7	73	3.4	45	4.1	3.9	2.8	5.0	3.9	5.0	75.1	4.2	0.316	4.08	**4.5**
MONTENEGRO	13110	4	9	4.6	74	3.8	21	4.7	6.7	5.0	---	--	3.5	83.2	4.6	--	--	**4.0**
SERBIA	11700	3.5	7	4.8	74	3.8	21	4.7	6.3	4.7	4.7	3.5	4.0	83.2	4.6	--	--	**3.9**
BELARUS	12740	3.5	12	4.3	70	2.2	39	4.3	4.1	3.0	4.5	3.2	5.0	74.7	4.1	--	--	**3.9**
RUSSIA	18330	5	12	4.3	69	1.8	106	2.6	3.5	2.5	3.9	2.4	4.0	68.6	3.8	0.442	3.35	**3.8**
BULGARIA	13260	4	10	4.5	73	3.4	41	4.2	5.2	3.9	4.1	2.7	3.0	73.2	4.1	0.399	3.75	**3.7**
ROMANIA	14540	4	12	4.3	73	3.4	125	2.2	4.3	3.2	4.3	2.9	4.0	72.7	4	0.478	3.18	**3.6**
MACEDONIA	10880	3	11	4.4	74	3.8	23	4.7	4.6	3.4	5.6	4.7	2.0	77.9	4.3	--	--	**3.2**
ALBANIA	8640	2.5	15	4.0	77	5.0	15	4.9	2.8	2.0	3.4	1.7	3.0	69.9	3.9	0.545	3.28	**3.1**
UKRAINE	6180	2	15	4.0	69	1.8	101	2.8	3.8	2.8	5.3	4.3	4.0	73.9	4.1	0.463	3.17	**3.1**
BOSNIA AND HERZ.	8770	2.5	14	4.1	75	4.2	50	4.0	6.7	5.0	5.2	4.1	1.8	77.1	4.3	--	--	**3.0**
MOLDOVA	3010	1.5	17	3.8	69	1.8	178	1.0	6.4	4.8	9.6	5.0	3.0	68.8	3.8	0.429	3.42	**2.8**
ARMENIA	5410	2	22	3.4	74	3.8	73	3.5	2.0	1.4	3.0	1.2	3.0	71.6	4	0.570	3	**2.7**
AZERBAIJAN	9020	3	34	2.3	70	2.2	40	4.3	1.4	1.0	2.8	1.0	1.5	62.7	3.5	0.553	3.04	**2.5**
KAZAKHSTAN	10320	3	29	2.7	68	1.4	163	1.2	2.7	1.9	2.8	1.0	1.5	69.3	3.9	0.575	3.05	**2.3**
GEORGIA	4700	1.5	29	2.7	72	3.0	107	2.6	2.9	2.1	3.2	1.5	2.0	72.1	4	0.597	2.48	**2.2**
KYRGYZSTAN	2200	1	37	2.0	67	1.0	159	1.3	3.5	2.5	5.9	5.0	2.0	65.3	3.7	0.560	2.92	**2.1**
KOSOVO	4450	1.5	49	1.0	70	2.2	43	4.1	3.1	2.2	4.3	2.9	1.5	--	--	--	--	**1.9**
UZBEKISTAN	2910	1	36	2.1	68	1.4	128	2.1	2.5	1.7	---	--	2.5	64.1	3.6	--	--	**1.9**
TAJIKISTAN	1950	1	61	1.0	67	1.0	202	1.0	1.8	1.2	3.5	1.9	2.5	52	3	0.568	3.03	**1.8**
TURKMENISTAN	6980	2	45	1.0	65	1.0	67	3.6	1.2	1.0	---	--	1.0	51.2	3	--	--	**1.6**
Northern Tier CEE	20493	5.0	5.6	4.9	75.3	4.2	27.1	4.6	5.6	4.2	4.7	3.5	4.8	81.0	4.4	0.35	4.2	**4.6**
Southern Tier CEE	11617	3.3	14.7	4.1	74.4	3.8	44.2	4.2	5.1	3.8	4.5	3.2	3.1	77.5	4.3	0.44	3.6	**3.5**
Eurasia	6979	2.2	29.1	2.8	69	1.9	113.6	2.5	3.0	2.2	4.5	2.6	2.7	66.2	3.7	0.52	3.1	**2.6**

World Bank, *World Development Indicators* (2011); UNICEF, TransMONEE (May 2011); WHO, European Health For All Database (2010); Yale Center for Environmental Law and Policy, *2010 Environmental Performance Index*; UNDP, HDI 2008.

Table 20. Education Gaps

	Education Spending, 3 yr avg	Gross enrollment ratio (most recent available)				PISA 2009	TIMSS 2007	PIRLS 2006	*/available	% gaps	MCP score
		Pre-Primary (net)	Primary & Lower Secondary	Upper Secondary	Tertiary						
CROATIA	4.6	60	95	89	49	474	--	--	0/6	0	**5.0**
ESTONIA	4.8	86	102	110	64	514	--	--	0/6	0	**5.0**
HUNGARY	5.2	88	100	103	62	496	526	551	0/6	0	**5.0**
LATVIA	5.0	81	102	109	67	487	540	541	0/6	0	**5.0**
LITHUANIA	4.7	73	101	110	80	479	517	537	0/6	0	**5.0**
POLAND	4.9	68	100	86	71	501	--	519	0/6	0	**5.0**
SLOVAKIA	3.6	72	100	94	56	488	511	531	0/6	0	**5.0**
BELARUS	4.5	94	100	--	77	--	--	--	0/4	0	**5.0**
CZECH REPUBLIC	4.2	79	101	97	61	*490&B	511	--	1/6	17	**4.0**
ROMANIA	4.3	77	99	98	67	*426	--	489	1/6	17	**4.0**
SLOVENIA	5.7	86	97	101	88	*499&B	515	522	1/6	17	**4.0**
RUSSIA	3.9	72	110	*48&B	77	468	531	565	1/6	17	**4.0**
SERBIA	4.7	54	97	85	50	*442	--	--	1/6	17	**4.0**
UKRAINE	5.3	74	103	*49	81	--	473	--	1/6	17	**4.0**
MONTENEGRO	5.5	42	97	89	--	*404	--	--	1/5	20	**3.5**
ALBANIA	3.4	47	97	*60	37	*384	--	--	2/6	33	**3.0**
ARMENIA	*3	32	*91	96	50	--	493	--	2/6	33	**3.0**
BULGARIA	4.1	75	*94&B	96	51	*432	--	547	2/6	33	**3.0**
MOLDOVA	9.6	76	*91	*56	38	--	--	500	2/6	33	**3.0**
TAJIKISTAN	3.5	*7	99	61	*20	--	--	--	2/5	40	**2.5**
UZBEKISTAN	6.3	*21	96	79	*10	--	--	--	2/5	40	**2.5**
GEORGIA	3.2	39	*90	76	*25&B	--	*422	471	3/6	50	**2.0**
MACEDONIA	5.6	*25&B	*93&B	78	41	*385	*442	*442	3/6	50	**2.0**
KYRGYZSTAN	5.9	*14	97	*44	51	*325	--	--	3/6	50	**2.0**
BOSNIA & HERZ	5.2	*13	*87&B	*66&B	37	--	--	--	3/5	60	**1.8**
KAZAKHSTAN	*2.8	43	108	*48	*417&B	*398	541	--	4/6	66	**1.5**
AZERBAIJAN	*2.8	*19&B	104	114	*19	*389	--	--	4/6	66	**1.5**
KOSOVO	4.3	--	*87	--	*16	--	--	--	2/3	66	**1.5**
TURKMENISTAN	5.3	*24	*87	*10	*3	--	--	--	4/5	80	**1.0**
NORTHERN TIER CEE	4.8	79.0	100.3	101.3	68.6	494.3	520.0	533.5		4.3	**4.8**
SOUTHERN TIER CEE	4.6	49.1	94.0	82.6	43.5	421.0	--	492.7		32.9	**3.1**
EURASIA	4.7	42.9	97.9	61.9	41.1	395.0	492.0	512.0		41.0	**2.7**
Vulnerable thresholds	* < or =3%	* < or = 30%	* < or = 93%	*< or = 60%	*< or = 25%	*'< or = 450	*< or = 450	*< or = 450	or backsliding (B)		

Primary sources: UNICEF, UNESCO, OECD, IEA, and World Bank.

Table 21. Economic Performance and Human Capital

	ECONOMIC PERFORMANCE RATING (1 to 5)	RANKING	HUMAN CAPITAL	RATING (1 to 5)	RANKING
SLOVAKIA	3.7	1	CROATIA	4.7	1
MONTENEGRO	3.6	2	POLAND	4.7	1
ROMANIA	3.6	2	SLOVENIA	4.7	1
HUNGARY	3.6	2	SLOVAKIA	4.6	3
ESTONIA	3.5	5	HUNGARY	4.6	3
CZECH REPUBLIC	3.5	5	ESTONIA	4.6	3
AZERBAIJAN	3.5	5	LITHUANIA	4.5	7
POLAND	3.4	8	LATVIA	4.5	7
KAZAKHSTAN	3.4	8	CZECH REPUBLIC	4.5	7
ALBANIA	3.4	8	MONTENEGRO	4.0	10
ARMENIA	3.3	11	SERBIA	3.9	11
CROATIA	3.3	11	BELARUS	3.9	11
LITHUANIA	3.3	11	RUSSIA	3.8	13
SLOVENIA	3.3	11	BULGARIA	3.7	14
BULGARIA	3.3	11	ROMANIA	3.6	15
GEORGIA	3.3	11	MACEDONIA	3.2	16
LATVIA	3.2	17	UKRAINE	3.1	17
RUSSIA	3.2	17	ALBANIA	3.1	17
SERBIA	3.1	19	BOSNIA & HERZ.	3.0	19
KYRGYZSTAN	3.1	19	MOLDOVA	2.8	20
MOLDOVA	3.1	19	ARMENIA	2.7	21
BELARUS	3.0	22	AZERBAIJAN	2.5	22
KOSOVO	3.0	22	KAZAKHSTAN	2.3	23
UKRAINE	3.0	22	GEORGIA	2.2	24
TAJIKISTAN	2.9	25	KYRGYZSTAN	2.1	25
BOSNIA & HERZ.	2.8	26	KOSOVO	1.9	26
TURKMENISTAN	2.8	27	UZBEKISTAN	1.9	26
UZBEKISTAN	2.7	28	TAJIKISTAN	1.8	28
MACEDONIA	2.5	29	TURKMENISTAN	1.6	29
Northern Tier CEE	3.4		Northern Tier CEE	4.6	
Southern Tier CEE	3.2		Southern Tier CEE	3.5	
Eurasia	3.1		Eurasia	2.6	

Ratings are based on a scale from 1 to 5, with 5 representing the most advanced. Primary sources include the World Bank, *World Development Indicators* (2011); EBRD, *Transition Report 2010*, UNECE, *Statistical Division Database* (2010); UNICEF, *TransMONEE Database* (2011); and the World Health Organization, *European Health For All Database* (2010).

Table 22. Peace and Security - Europe and Eurasia (1 to 5 Scale) 2009-10

	Counter-terrorism	Combating Weapons of Mass Destruction	Stabilization operations and Defense Reform	Counter-Narcotics	Trans-national Crime	Conflict Mitigation	Average score
Slovenia	5.0	4.7	4.6	3.2	4.2	4.3	**4.3**
Poland	4.8	5.0	4.2	3.1	3.8	3.7	**4.1**
Hungary	4.8	4.7	3.8	3.6	3.4	4.3	**4.1**
Slovakia	4.8	4.3	4.0	3.5	3.5	4.3	**4.1**
Czech Republic	4.5	4.7	3.8	2.8	3.9	4.3	**4.0**
Lithuania	4.8	4.0	3.9	3.2	4.1	3.7	**3.9**
Romania	4.3	5.0	3.3	3.6	3.1	4.2	**3.9**
Latvia	4.8	5.0	3.4	3.2	3.3	3.7	**3.9**
Estonia	4.8	4.3	3.6	2.7	3.7	3.7	**3.8**
Croatia	4.3	3.7	3.6	3.1	4.0	4.0	**3.8**
Bulgaria	4.0	4.7	3.9	2.8	3.4	3.1	**3.6**
Montenegro	4.0	3.0	3.6	3.2	3.8	3.2	**3.5**
Serbia	3.5	3.0	4.1	2.6	3.1	3.8	**3.4**
Ukraine	3.5	5.0	3.1	2.5	2.4	3.5	**3.3**
Macedonia	3.3	2.7	4.1	2.9	3.4	3.5	**3.3**
Bosnia and Herz.	2.5	3.0	4.1	2.5	3.1	3.8	**3.2**
Albania	3.0	2.0	4.1	2.7	3.1	3.8	**3.1**
Belarus	4.5	3.0	2.8	3.1	2.5	2.8	**3.1**
Kazakhstan	4.0	3.0	2.9	2.4	2.8	3.2	**3.1**
Armenia	3.3	2.3	3.0	3.4	3.5	2.7	**3.0**
Moldova	3.3	2.0	2.9	3.2	2.6	4.2	**3.0**
Turkmenistan	3.5	1.7	3.8	2.9	2.4	3.0	**2.9**
Kosovo	2.8	2.3	---	--	3.3	3.0	**2.8**
Azerbaijan	3.3	2.0	3.4	3.2	2.6	2.5	**2.8**
Georgia	2.3	2.0	2.8	2.9	3.3	2.8	**2.7**
Kyrgyzstan	2.4	2.0	2.5	2.2	3.0	3.0	**2.5**
Uzbekistan	2.3	1.7	3.2	2.5	2.1	3.0	**2.5**
Tajikistan	2.0	1.7	3.7	2.1	2.1	2.7	**2.4**
Russia	2.0	3.7	2.2	2.7	1.5	2.2	**2.4**
Northern Tier	4.8	4.6	3.9	3.2	3.7	4.0	**4.0**
Southern Tier	3.5	3.3	3.9	2.9	3.4	3.6	**3.4**
Eurasia	3.0	2.5	3.0	2.8	2.6	3.0	**2.8**

Sources: US Commerce Dept.; Department of State; USAID DCHA/CMM; UNODC; National Counterterrorism Center; Foreign Policy and Fund for Peace; World Bank; Binghamton University; Freedom House; Center for Global Policy, GMU; CIDCM.

Table 23. Counter-Terrorism

	2009 Denial of Terrorist Sponsorship and Sanctuary	2009 Government's Counterterrorism Capabilities	2010 Incidence of Terrorism	2009 Political Stability/Absence of Violence	MCP score
Slovenia	5.0	5.0	5.0	5.0	**5.0**
Estonia	5.0	5.0	5.0	4.0	**4.8**
Hungary	5.0	5.0	5.0	4.0	**4.8**
Latvia	5.0	5.0	5.0	4.0	**4.8**
Lithuania	5.0	5.0	5.0	4.0	**4.8**
Poland	5.0	5.0	5.0	4.0	**4.8**
Slovakia	5.0	5.0	5.0	4.0	**4.8**
Belarus	--	--	5.0	4.0	**4.5**
Czech Republic	5.0	4.0	5.0	4.0	**4.5**
Croatia	5.0	3.0	5.0	4.0	**4.3**
Romania	5.0	4.0	5.0	3.0	**4.3**
Bulgaria	5.0	3.0	5.0	3.0	**4.0**
Kazakhstan	4.0	3.0	5.0	4.0	**4.0**
Montenegro	4.0	3.0	5.0	4.0	**4.0**
Serbia	4.0	4.0	4.0	2.0	**3.5**
Turkmenistan	3.0	3.0	5.0	3.0	**3.5**
Ukraine	5.0	3.0	3.0	3.0	**3.5**
Armenia	3.0	2.0	5.0	3.0	**3.3**
Azerbaijan	3.0	3.0	5.0	2.0	**3.3**
Macedonia	4.0	2.0	5.0	2.0	**3.3**
Moldova	3.0	3.0	5.0	2.0	**3.3**
Albania	3.0	1.0	5.0	3.0	**3.0**
Kosovo	3.0	1.0	5.0	2.0	**2.8**
Bosnia and Herz.	3.0	1.0	4.0	2.0	**2.5**
Kyrgyzstan	2.0	1.5	4.0	2.0	**2.4**
Georgia	2.0	3.0	3.0	1.0	**2.3**
Uzbekistan	2.0	1.0	5.0	1.0	**2.3**
Russia	2.0	3.0	1.0	2.0	**2.0**
Tajikistan	2.0	1.0	3.0	2.0	**2.0**
Northern Tier CEE	5.0	4.9	5.0	4.1	**4.8**
Southern Tier CEE	4.0	2.4	4.8	2.8	**3.5**
Eurasia	2.8	2.4	4.1	2.4	**3.0**

DOS, *Country Reports on Terrorism* (2009); National Counterterrorism Center, *Worldwide Incidents Tracking System* (2008-2009);Foreign Policy Magazine and the Fund for Peace, *Failed States Index* (2010); World Bank Institute, *Governance Matters Indicators* (2009).

Table 24. Combating Weapons of Mass Destruction: Europe and Eursaia

	2010	2010	2006-2009	
	Chem. and Bioweapons Control Status	Nuclear Non-Proliferation	Export Controls	MCP score
Latvia	5.0	5.0	5.0	**5.0**
Poland	5.0	5.0	5.0	**5.0**
Romania	5.0	5.0	5.0	**5.0**
Ukraine	5.0	5.0	5.0	**5.0**
Bulgaria	5.0	5.0	4.0	**4.7**
Czech Republic	5.0	5.0	4.0	**4.7**
Hungary	5.0	5.0	4.0	**4.7**
Slovenia	5.0	5.0	4.0	**4.7**
Estonia	5.0	3.0	5.0	**4.3**
Slovakia	5.0	5.0	3.0	**4.3**
Lithuania	5.0	3.0	4.0	**4.0**
Croatia	5.0	3.0	3.0	**3.7**
Russia	1.0	5.0	5.0	**3.7**
Belarus	1.0	5.0	3.0	**3.0**
Bosnia and Herz	3.0	3.0	3.0	**3.0**
Kazakhstan	1.0	5.0	3.0	**3.0**
Montenegro	3.0	3.0		**3.0**
Serbia	3.0	3.0	3.0	**3.0**
Macedonia	3.0	3.0	2.0	**2.7**
Armenia	1.0	3.0	3.0	**2.3**
Kosovo	3.0	3.0	1.0	**2.3**
Albania	1.0	3.0	2.0	**2.0**
Azerbaijan	1.0	3.0	2.0	**2.0**
Georgia	1.0	3.0	2.0	**2.0**
Kyrgyzstan	1.0	3.0	2.0	**2.0**
Moldova	1.0	3.0	2.0	**2.0**
Tajikistan	1.0	3.0	1.0	**1.7**
Turkmen	1.0	3.0	1.0	**1.7**
Uzbekistan	1.0	3.0	1.0	**1.7**
Northern Tier CEE	5.0	4.5	4.3	**4.6**
Southern Tier CEE	3.4	3.4	2.9	**3.3**
Eurasia	1.3	3.7	2.5	**2.5**

US Commerce Department, *Export Control Policy* (2010); DOS, *Export Control/Border Security Assessment* (2009).

Table 25. Stabilization Operations and Defense Reform

	2010 Instability Index	2009 Human Rights	2008 Homicide Rate	2009 Military Expenditures	2007 Peace-keeping	MCP score
Slovenia	5.0	5.0	5.0	4.0	4.0	**4.6**
Poland	5.0	4.0	4.0	5.0	3.0	**4.2**
Albania	4.5	3.0	4.0	5.0	--	**4.1**
Bosnia and Herz.	4.5	4.0	5.0	3.0	--	**4.1**
Macedonia	4.5	4.0	3.0	5.0	--	**4.1**
Serbia	4.5	4.0	3.0	5.0	--	**4.1**
Slovakia	5.0	4.0	5.0	3.0	3.0	**4.0**
Bulgaria	4.5	4.0	4.0	5.0	2.0	**3.9**
Lithuania	4.5	4.0	2.0	5.0	--	**3.9**
Turkmenistan	4.5	3.0	4.0	--	--	**3.8**
Czech Republic	5.0	4.0	5.0	3.0	2.0	**3.8**
Hungary	5.0	4.0	4.0	3.0	3.0	**3.8**
Tajikistan	3.0	3.0	5.0	--	--	**3.7**
Montenegro	4.5	4.0	3.0	3.0	--	**3.6**
Croatia	5.0	5.0	2.0	4.0	2.0	**3.6**
Estonia	5.0	4.0	2.0	4.0	3.0	**3.6**
Azerbaijan	4.5	2.0	5.0	2.0	--	**3.4**
Latvia	4.5	4.0	2.0	3.0	--	**3.4**
Romania	4.5	3.0	4.0	3.0	2.0	**3.3**
Uzbekistan	4.5	2.0	3.0	--	--	**3.2**
Ukraine	4.5	3.0	2.0	4.0	2.0	**3.1**
Armenia	3.0	2.0	4.0	3.0	--	**3.0**
Kazakhstan	4.5	3.0	1.0	3.0	--	**2.9**
Moldova	4.5	3.0	2.0	2.0	--	**2.9**
Belarus	3.0	2.0	2.0	4.0	--	**2.8**
Georgia	3.0	4.0	2.0	2.0	--	**2.8**
Kyrgyzstan	3.0	3.0	2.0	2.0	--	**2.5**
Russia	4.0	1.0	1.0	2.0	3.0	**2.2**
Kosovo	--	1.0	--	--	--	**--**
Northern Tier CEE	4.9	4.1	3.6	3.8	3.0	**3.9**
Southern Tier CEE	4.6	3.9	3.5	4.1	--	**3.9**
Eurasia	3.8	2.6	2.8	2.7	--	**3.0**

USAID/DCHA/CMM, Alert List (2010); Binghamton University, Cingranelli-Richards Human Rights Dataset, (2009); UNODC Homicide statistics, 2008; WB, *World Development Indicators (2011*); A.T. Kearney/Foreign Policy, *Globalization Index 2007*.

Table 26. Counter-Narcotics

	2006-09 Demand for Illicit Narcotics	2006 Changes in Use Patterns	2010 Interdiction	MCP score
Romania	4.6	2.9	3.3	**3.6**
Hungary	3.5	3.0	4.3	**3.6**
Slovakia	3.25	3.0	4.3	**3.5**
Armenia	3.1	--	3.7	**3.4**
Latvia	2.4	3.0	4.3	**3.2**
Moldova	4.6	2.0	3.0	**3.2**
Lithuania	3.25	3.0	3.3	**3.2**
Slovenia	2.4	2.8	4.3	**3.2**
Montenegro	3.0	--	3.3	**3.2**
Azerbaijan	3.75	2.8	3.0	**3.2**
Poland	3.5	2.9	3.0	**3.1**
Croatia	2.6	2.4	4.3	**3.1**
Belarus	3.6	2.9	2.7	**3.1**
Georgia	2.5	2.6	3.7	**2.9**
Macedonia	3.5	1.8	3.3	**2.9**
Turkmenistan	3.0	3.3	2.3	**2.9**
Czech Republic	2.25	3.1	3.0	**2.8**
Bulgaria	2.6	3.0	2.7	**2.8**
Estonia	1.6	2.9	3.7	**2.7**
Albania	3.6	2.2	2.3	**2.7**
Russia	2.5	3.3	2.3	**2.7**
Kosovo	--	--	2.7	**--**
Serbia	3.6	1.6	2.7	**2.6**
Bosnia and Herz.	2.9	2.4	2.3	**2.5**
Ukraine	2.6	2.1	2.7	**2.5**
Uzbekistan	2.25	2.5	2.7	**2.5**
Kazakhstan	1.5	3.2	2.7	**2.4**
Kyrgyzstan	2.0	2.4	2.3	**2.2**
Tajikistan	2.0	2.0	2.3	**2.1**
Northern Tier CEE	2.8	3.0	3.8	**3.2**
Southern Tier CEE	3.3	2.3	3.0	**2.9**
Eurasia	2.8	2.6	2.8	**2.8**

UNODC, *World Drug Report* (2010) and online database; DOS, *International Narcotics Control Strategy Report* (INCSR) (2010).

Table 27. Transnational Crime	2010 Trafficking in Persons	2010 Piracy of Intellectual Property	2009-10 Money Laundering	2010 Criminalization of the State	2010 Counter-narcotics Score	2009-10 MCP score
Slovenia	5	5	3	5.0	3.2	**4.2**
Lithuania	5	5	3	4.5	3.2	**4.1**
Croatia	5	5	3	4.0	3.1	**4.0**
Czech Republic	5	5	2	4.5	2.8	**3.9**
Montenegro	4	5	3	4.0	3.2	**3.8**
Poland	5	5	2	4.0	3.1	**3.8**
Estonia	4	5	3	4.0	2.7	**3.7**
Slovakia	4	5	2	4.0	3.5	**3.7**
Hungary	4	5	2	3.0	3.6	**3.5**
Armenia	4	5	3	2.0	3.4	**3.5**
Macedonia	4	5	3	2.0	2.9	**3.4**
Bulgaria	4	5	2	3.0	2.8	**3.4**
Latvia	4	5	1	3.5	3.2	**3.3**
Kosovo	4	5	3	2.0	2.7	**3.3**
Georgia	5	5	3	0.5	2.9	**3.3**
Albania	4	5	2	2.0	2.7	**3.1**
Serbia	4	5	2	2.0	2.6	**3.1**
Romania	4	3	2	3.0	3.6	**3.1**
Bosnia and Herz.	5	5	2	1.0	2.5	**3.1**
Kyrgyzstan	4	5	3	1.0	2.2	**3.0**
Kazakhstan	2	5	3	1.5	2.4	**2.8**
Moldova	2	5	2	1.0	3.2	**2.6**
Azerbaijan	2	5	2	1.0	3.2	**2.6**
Belarus	4	3	2	0.5	3.1	**2.5**
Ukraine	4	3	1	1.5	2.5	**2.4**
Turkmenistan	2	3	3	1.0	2.9	**2.4**
Tajikistan	2	3	3	0.5	2.1	**2.1**
Uzbekistan	2	3	2	1.0	2.5	**2.1**
Russia	2	1	1	1.0	2.7	**1.5**
Northern Tier CEE	4.5	5.0	2.3	4.1	3.2	**3.8**
Southern Tier CEE	4.2	4.8	2.4	2.6	2.9	**3.4**
Eurasia	2.9	3.8	2.3	1.0	2.8	**2.6**

DOS, *Trafficking in Persons Report* (July 2011); US Trade Representative *Special 301 Report* (2010); DOS, *International Narcotics Control Strategy Report* (2010); FP and FFP, *Failed States Index* (2010).

Table 28. Conflict Mitigation	2010	2010	2010	2010
	Conflict History	Fragility Index	Bad Neighborhood	MCP score
Czech Republic	4.0	5.0	4.0	**4.3**
Hungary	4.0	5.0	4.0	**4.3**
Slovakia	4.0	5.0	4.0	**4.3**
Slovenia	4.0	5.0	4.0	**4.3**
Moldova	4.0	4.5	4.0	**4.2**
Romania	4.0	4.5	4.0	**4.2**
Croatia	3.0	5.0	4.0	**4.0**
Albania	3.0	4.5	4.0	**3.8**
Bosnia and Herz.	3.0	4.5	4.0	**3.8**
Serbia	3.0	4.5	4.0	**3.8**
Estonia	4.0	5.0	2.0	**3.7**
Latvia	4.0	5.0	2.0	**3.7**
Lithuania	4.0	5.0	2.0	**3.7**
Poland	4.0	5.0	2.0	**3.7**
Macedonia	3.0	4.5	3.0	**3.5**
Ukraine	4.0	4.5	2.0	**3.5**
Kazakhstan	4.0	3.5	2.0	**3.2**
Montenegro	2.0	4.5	3.0	**3.2**
Bulgaria	4.0	4.4	1.0	**3.1**
Kosovo	2.0	--	4.0	**3.0**
Kyrgyzstan	1.0	4.0	4.0	**3.0**
Turkmen	4.0	3.0	2.0	**3.0**
Uzbekistan	4.0	3.0	2.0	**3.0**
Belarus	3.0	4.5	1.0	**2.8**
Georgia	2.0	4.5	2.0	**2.8**
Armenia	3.0	4.0	1.0	**2.7**
Tajikistan	3.0	3.0	2.0	**2.7**
Azerbaijan	3.0	3.5	1.0	**2.5**
Russia	1.0	4.5	1.0	**2.2**
Northern Tier CEE	4.0	5.0	3.0	**4.0**
Southern Tier CEE	3.0	4.6	3.4	**3.6**
Eurasia	3.0	3.9	2.0	**3.0**

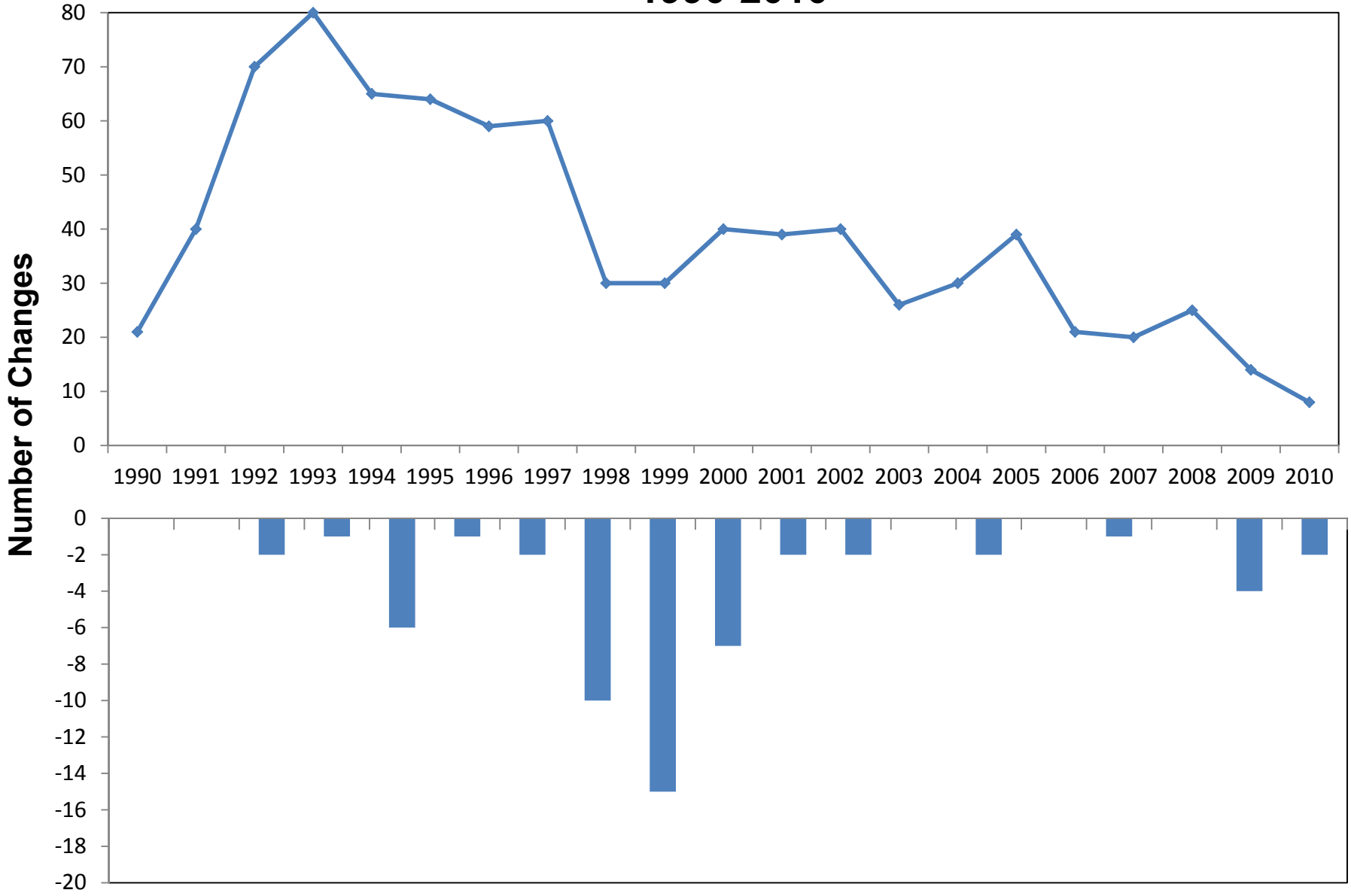
Center for Global Policy, GMU, *Political Instability Task Force* (2006-09); USAID/DCHA/CMM, *Alert List* (2010); CIDCM, *Peace and Conflict 2010*.

Monitoring Country Progress in Eastern Europe & Eurasia #13

USAID
E&E Bureau
Strategic Planning and Analysis Division
October 2011

Figure 1

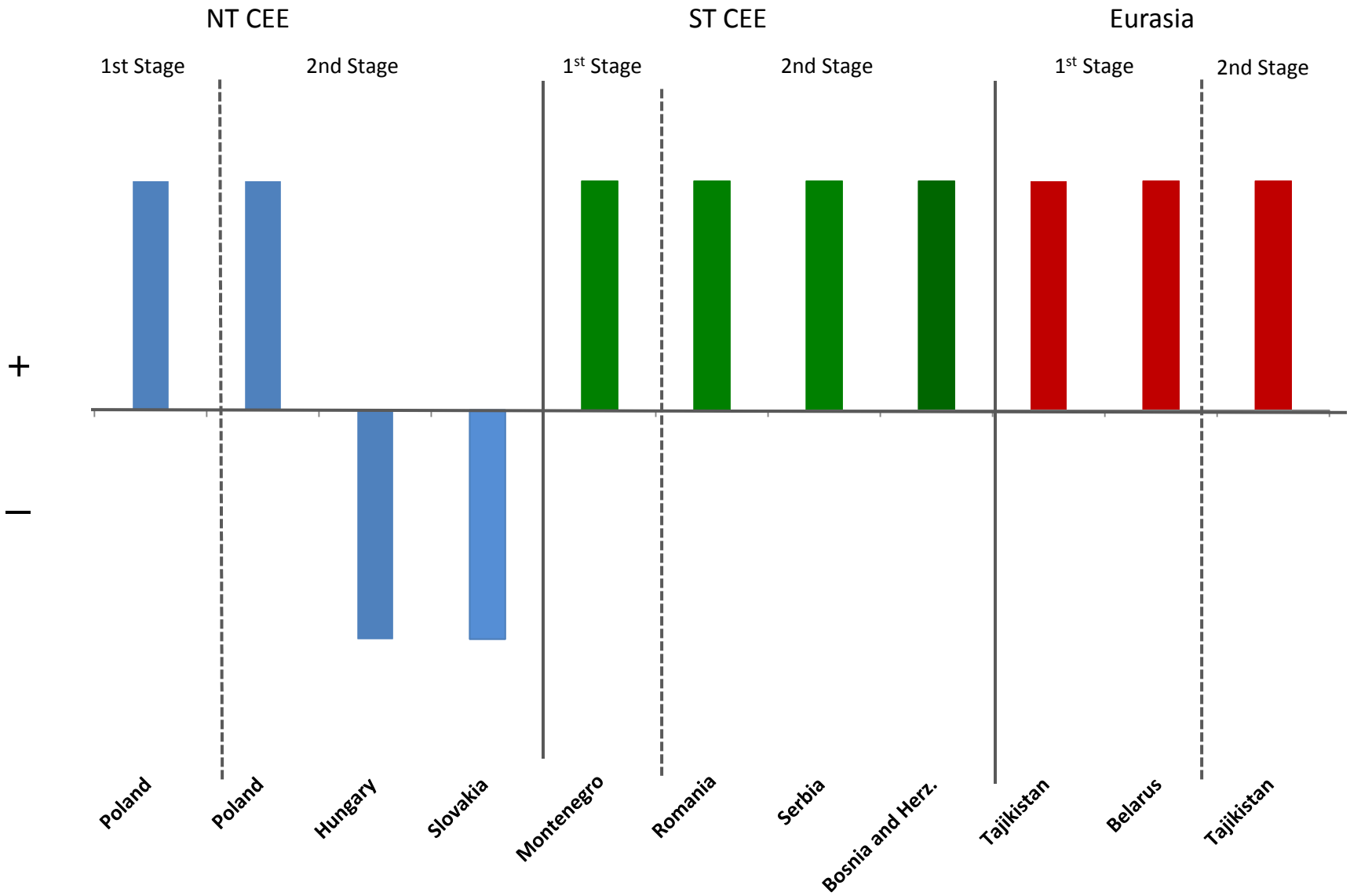
Economic Reform Changes in Eastern Europe and Eurasia 1990-2010



These are changes (advances and backsliding) in the 29-country E&E region, drawing from the EBRD's economic reform indicators. EBRD, *Transition Report 2010* , and previous editions.

Figure 2

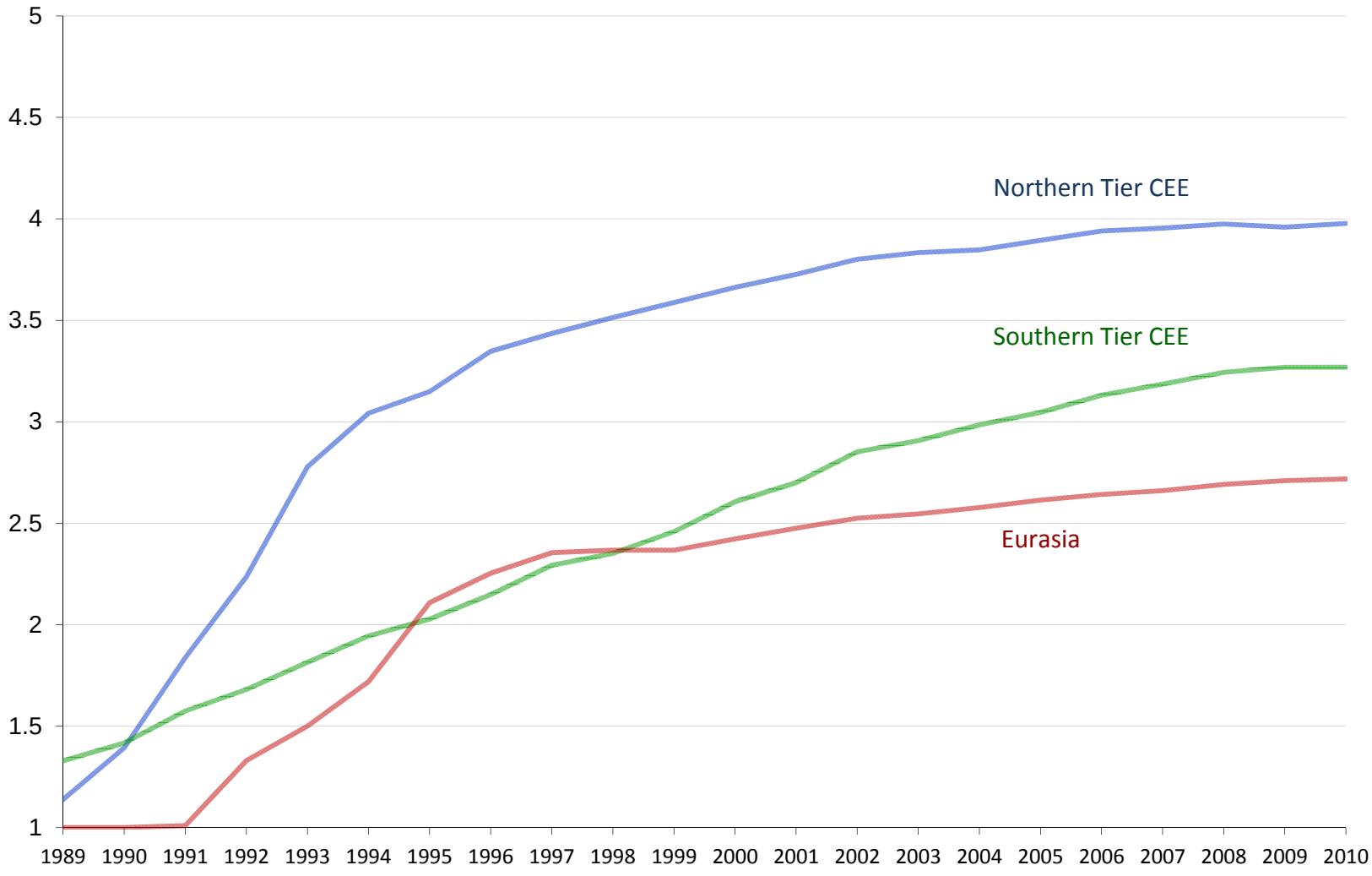
Economic Reform Changes in Eastern Europe and Eurasia, 2009-2010



Drawn from the EBRD, *Transition Report* (November 2010).

Figure 3

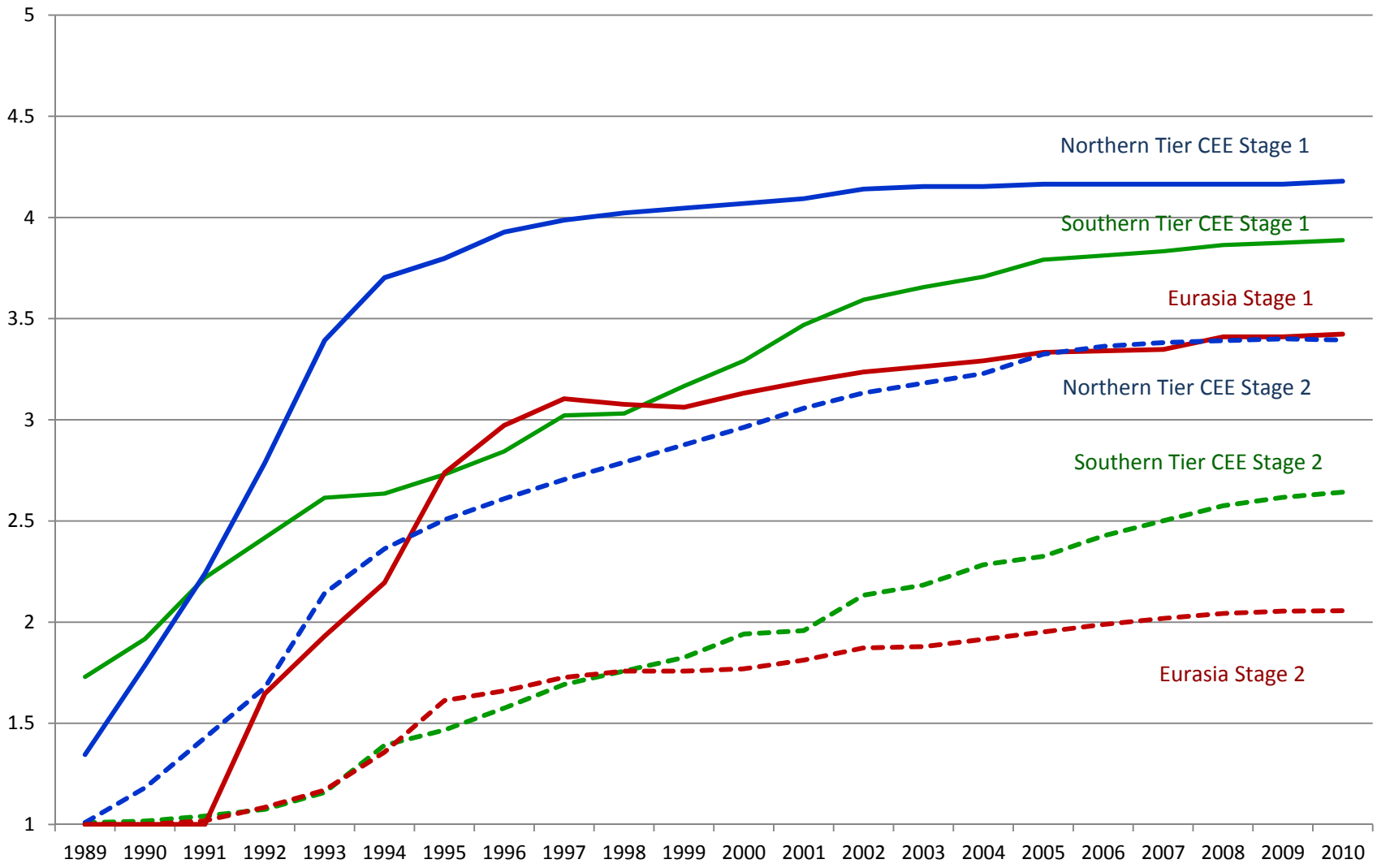
Economic Reforms in Eastern Europe and Eurasia



Drawn from the EBRD, *Transition Reports*. Scores are based on 1 to 5 scale, with 5 representing the most advanced.

Figure 4

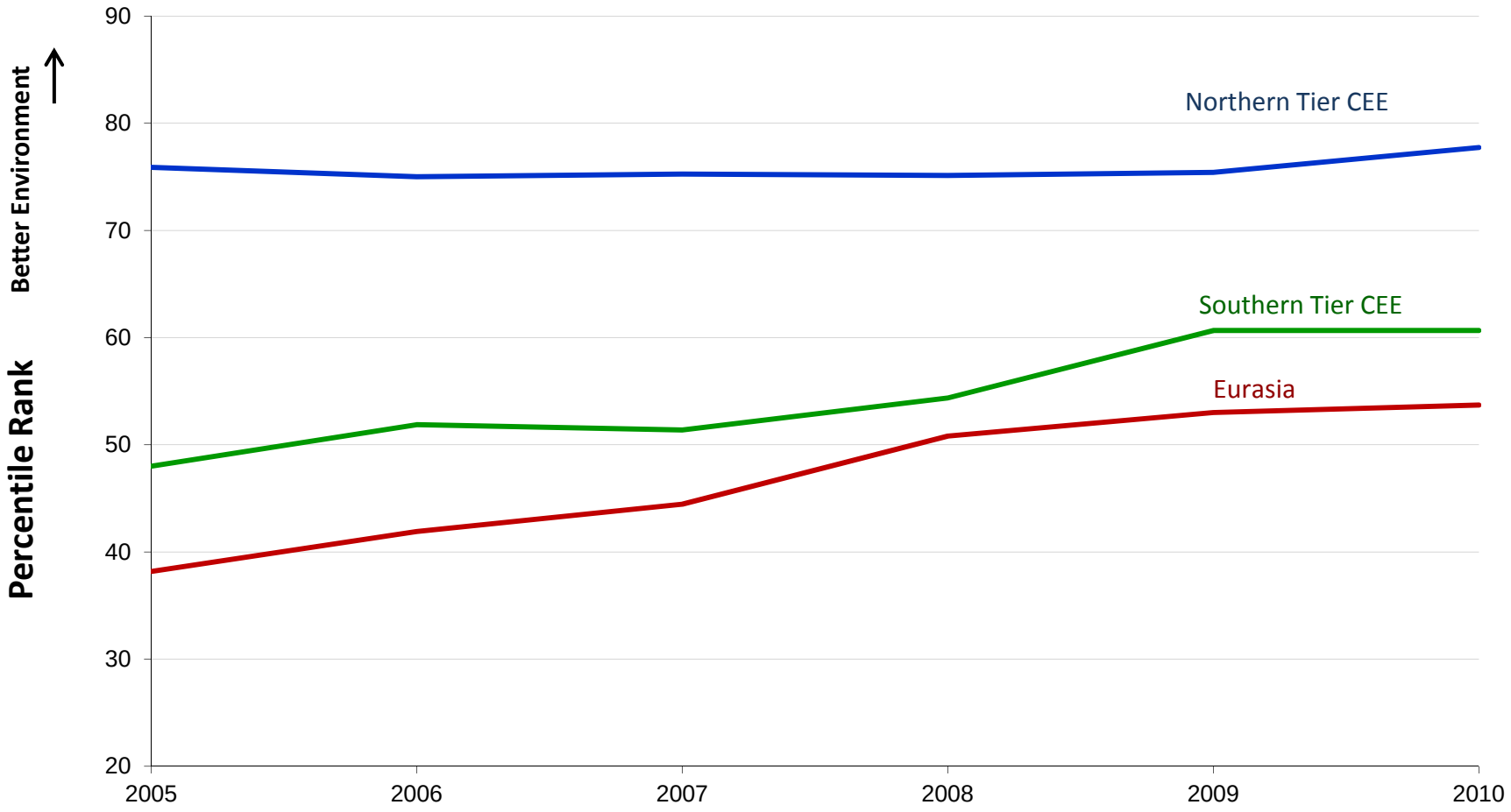
Economic Reform Stage 1 versus Stage 2



Data are drawn from the EBRD, *Transition Report* 2010. Stage 1 Reforms: Small Scale Privatization, Trade and Foreign Exchange, Price Liberalization, Large Scale Privatization. Stage 2 Reforms: Enterprise Reform, Competition Policy, Banking Reform, Competition Policy, Banking Reform, Non-Bank Financial Reform, Infrastructure. Ratings are based on a 1 to 5 scale, with 5 representing most advanced.

Figure 5

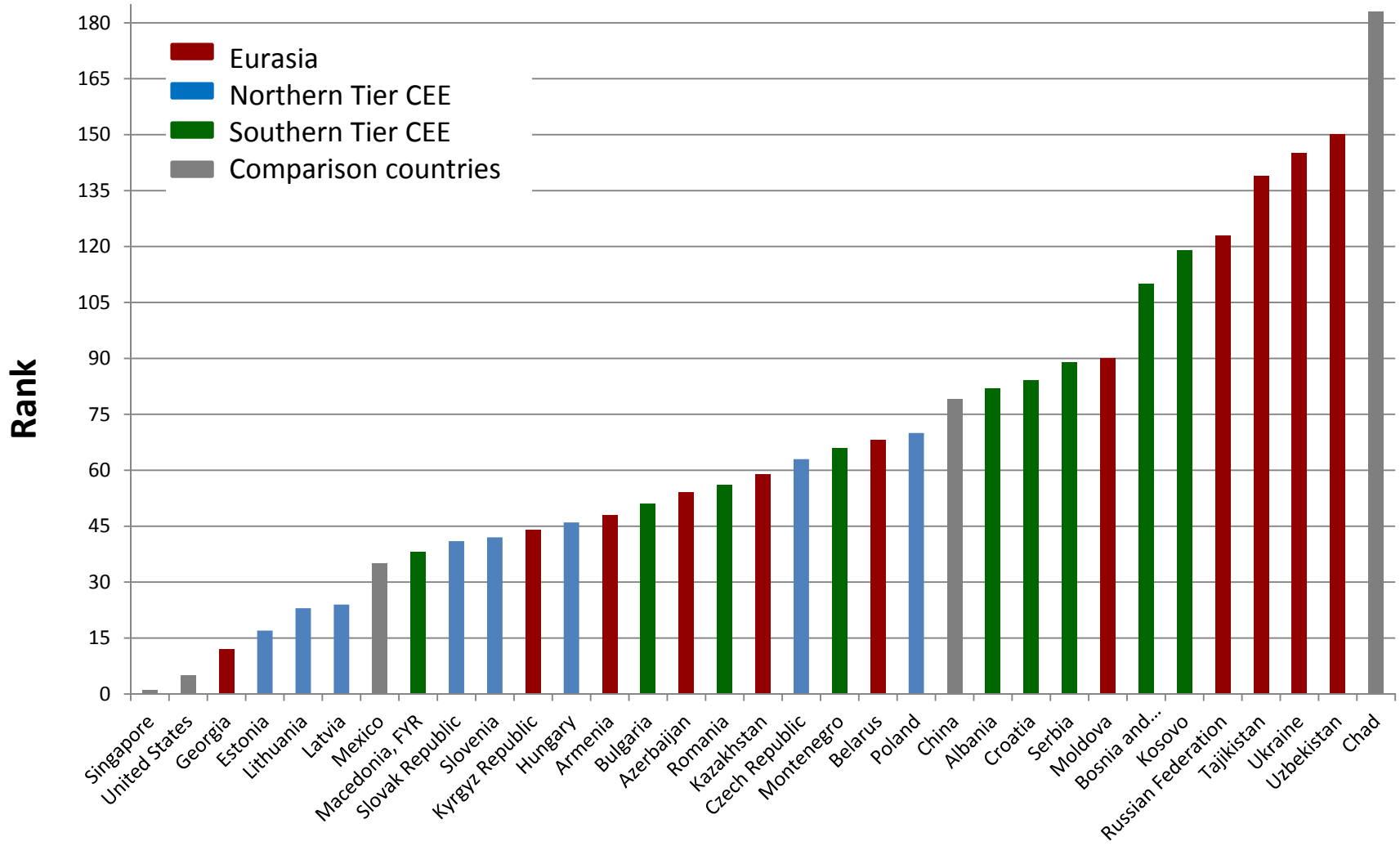
Business Environment



World Bank, *Doing Business* 2011 (October 2010). The analysis is based on 10 aspects: starting a business; dealing with construction; hiring and firing workers; registering a property; getting credit; protecting investors; paying taxes; trading across borders; enforcing contracts; and closing a business.

Figure 6

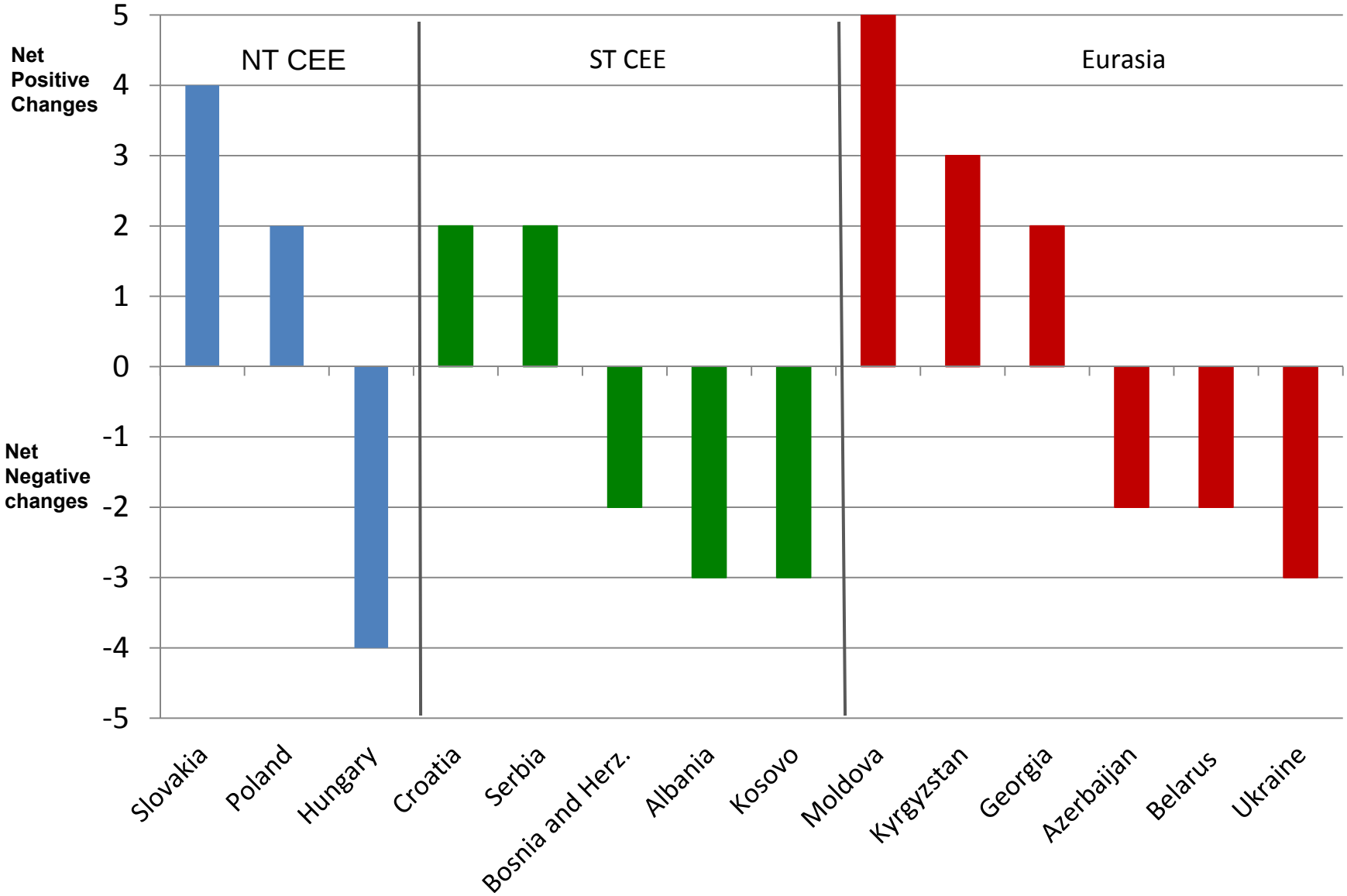
Business Environment in 2010



World Bank, *Doing Business* 2011 (October 2010). 183 countries are included in the analysis. The business environment is gauged based on 10 aspects: starting a business; dealing with construction; hiring and firing workers; registering a property; getting credit; protecting investors; paying taxes; trading across borders; enforcing contracts; and closing a business.

Figure 7

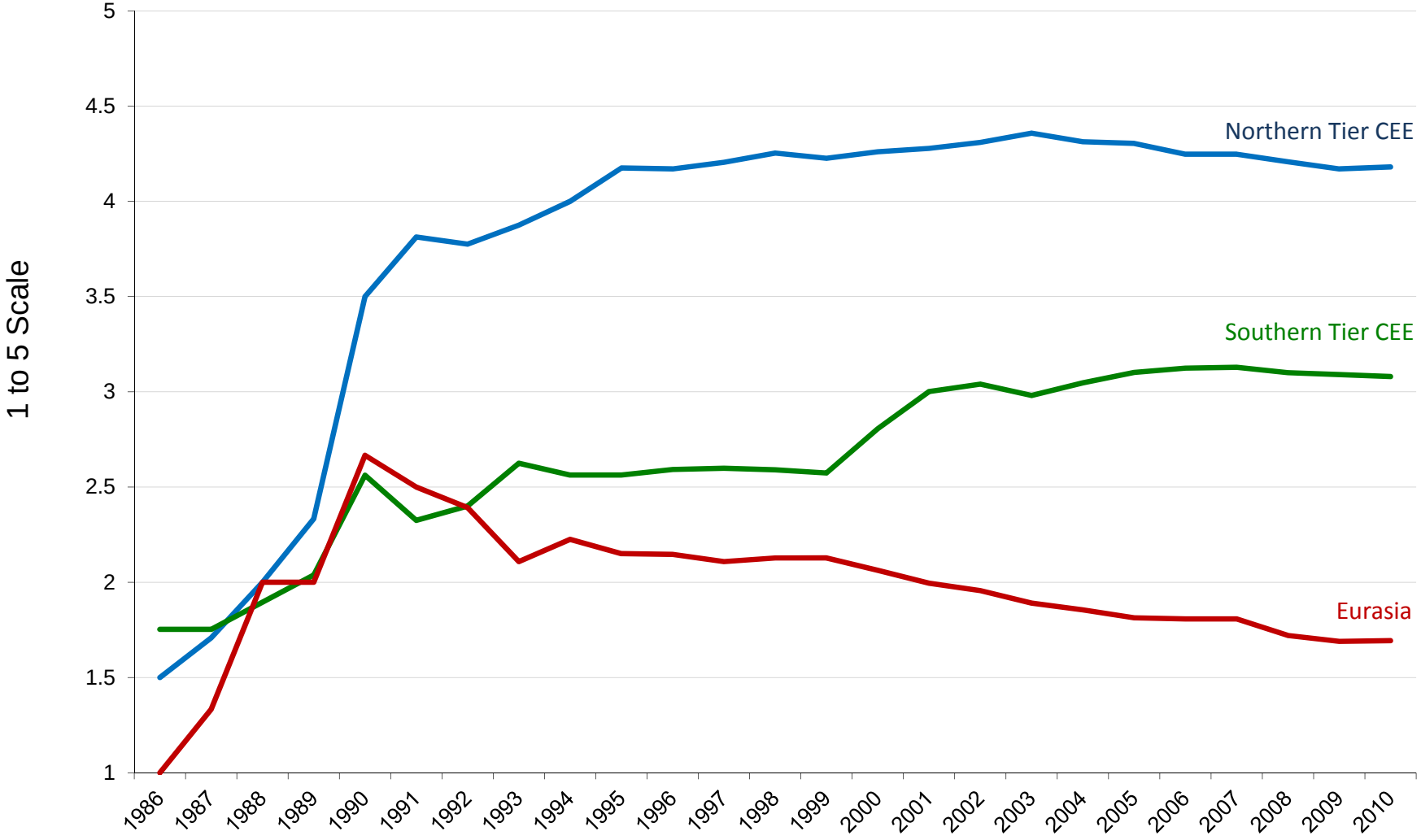
Democratic Reform Changes in Eastern Europe and Eurasia, 2009-2010



Freedom House, *Nations in Transit (*June 2011*)*. Countries included here have had net changes in at least 2 of the 7 democratic reform dimensions in 2010 as assessed by Freedom House.

Figure 8

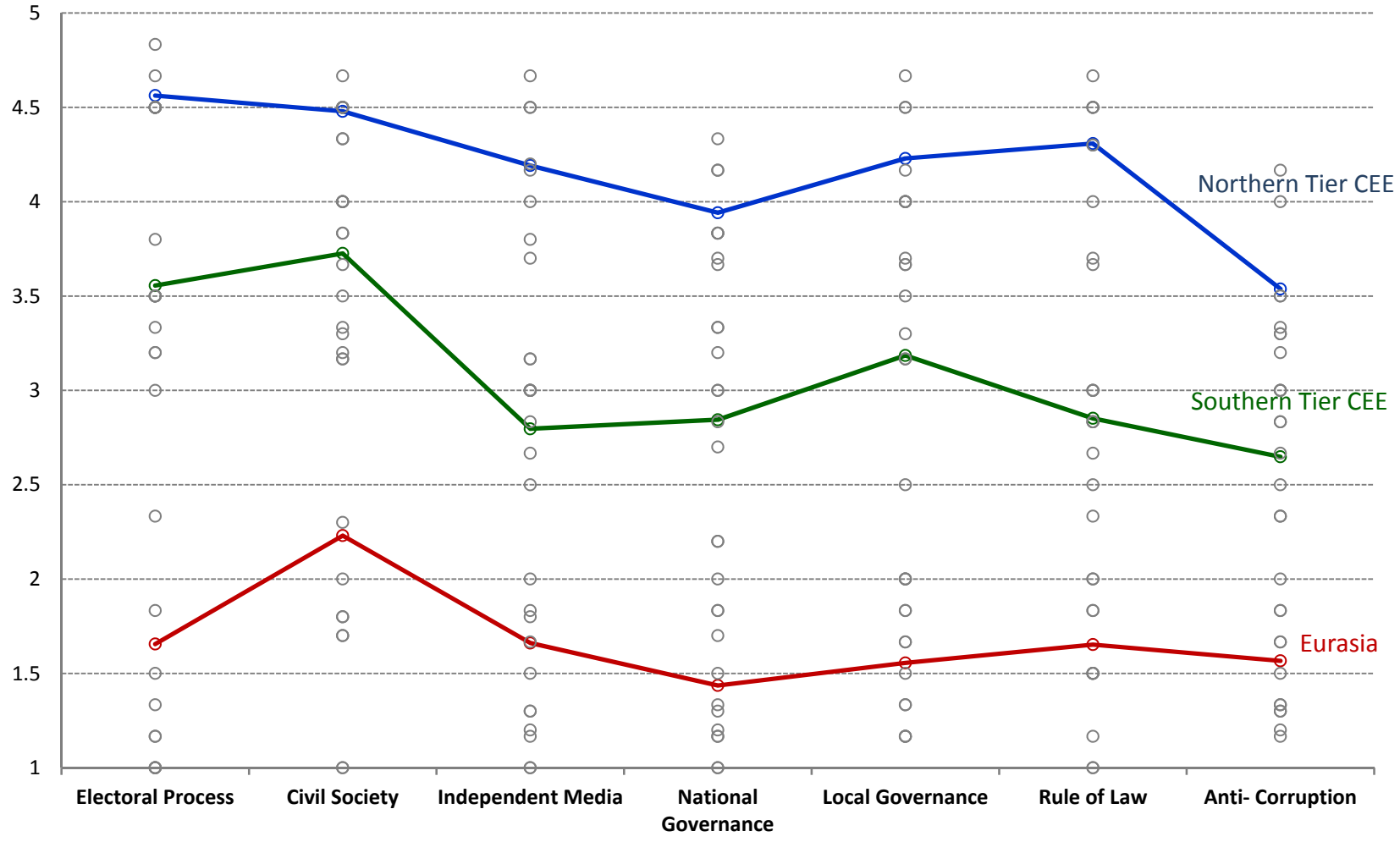
Democratic Reforms, 1986-2010



Ratings from 1 to 5, with 5 representing the most advanced. Drawn from Freedom House, *Nations in Transit* series and *Freedom in the World* series.

Figure 9

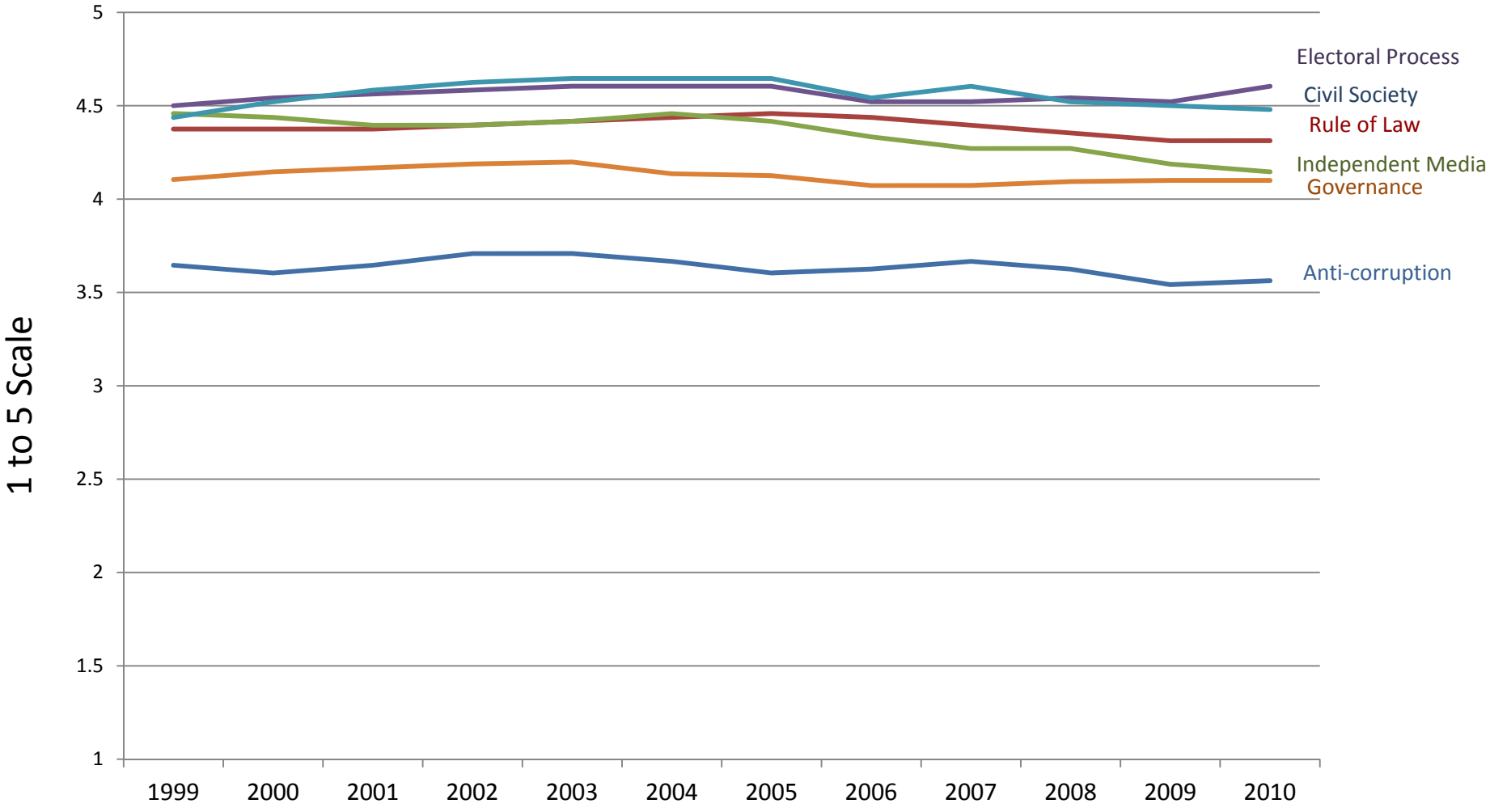
Democratic Reform Profiles: Regional Comparisons



Drawn from Freedom House, *Nations in Transit* (June 2011). Scores calibrated on MCP 1 to 5 scale, with 5 representing the most advanced.

Figure 10

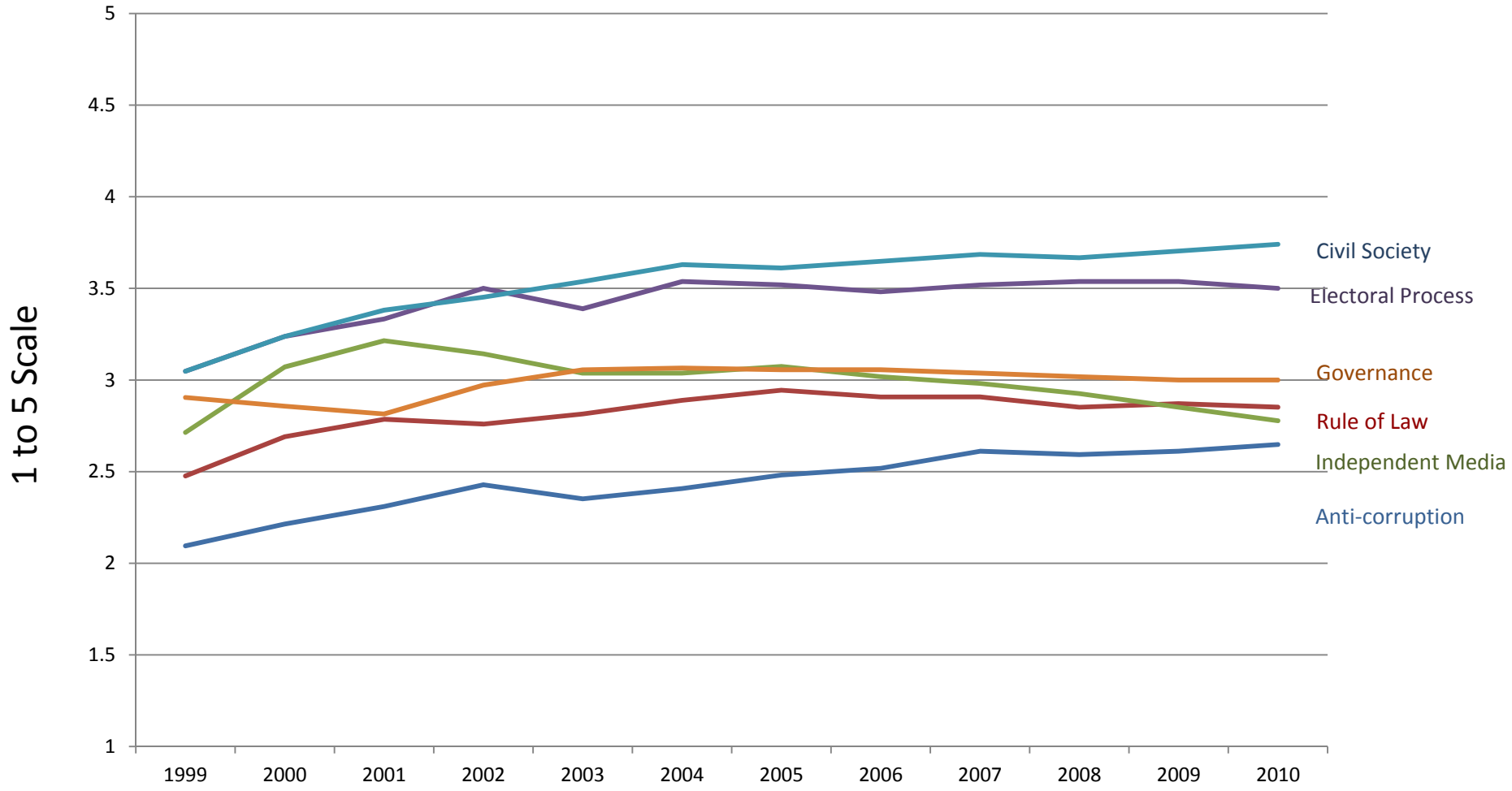
Democratic Reforms in Northern Tier CEE, 1999-2010



Drawn from Freedom House, *Nations in Transit.* Scores calibrated on MCP 1 to 5 scale, with representing the most advanced.

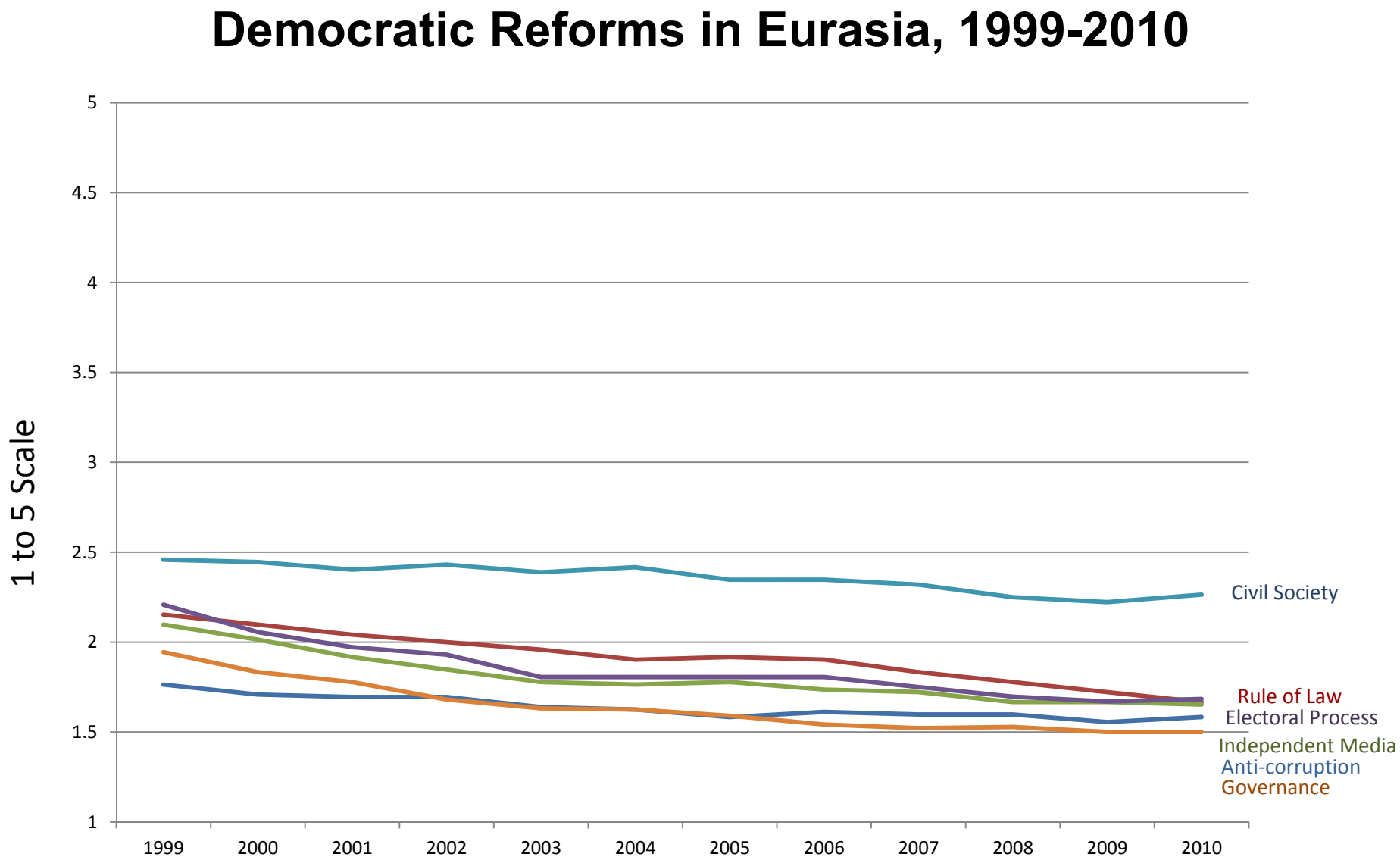
Figure 11

Democratic Reforms in Southern Tier CEE, 1999-2010



Drawn from Freedom House, *Nations in Transit.* Scores calibrated on MCP 1 to 5 scale, with 5 representing the most advanced.

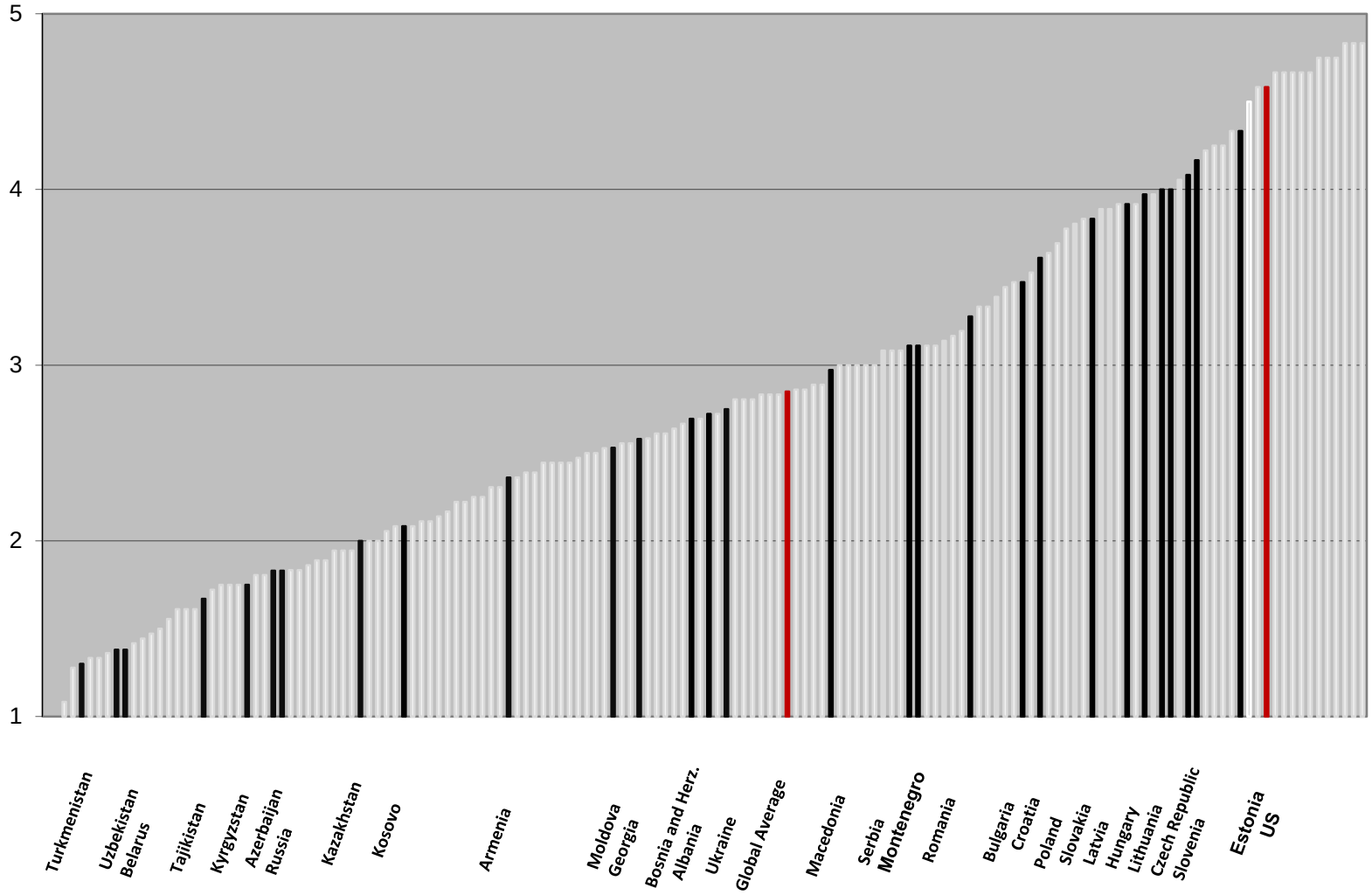
Figure 12



Drawn from Freedom House, *Nations in Transit*. Scores calibrated on MCP 1 to 5 scale, with 5 representing the most advanced.

Figure 13

Governing Justly and Democratically



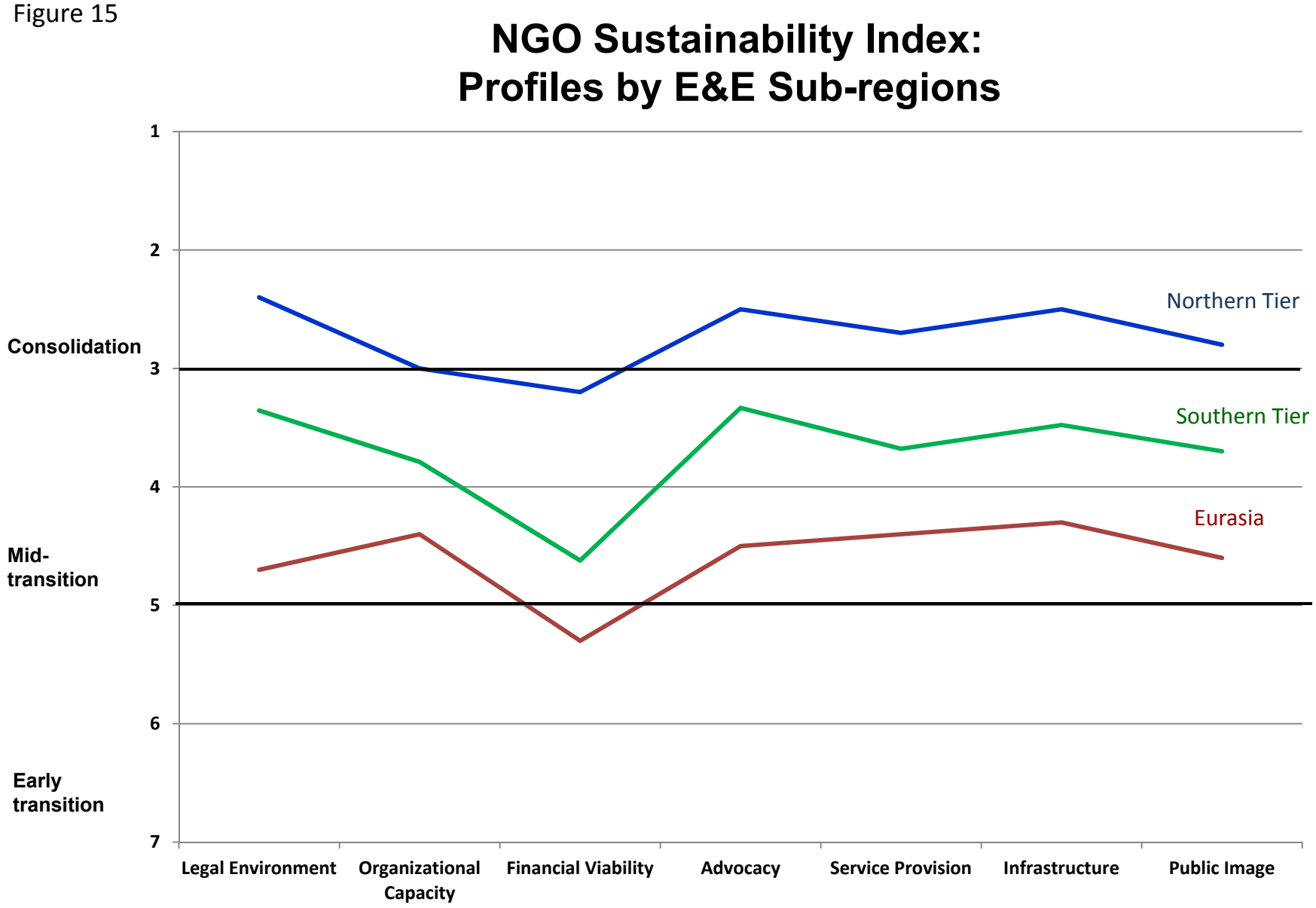
Drawn from World Bank Institute, *Governance Matters Indicators* (2010); Freedom House, *Freedom in the World* (2010) and *Freedom of the Press* (2010). N=153. Ratings are based on a scale from 1 to 5, with 5 representing the most advanced. An index of 5 indicators: rule of law; anti-corruption; free media; political rights; and civil liberties.

Figure 14

Media Sustainability Index: Profiles by E&E Sub-regions

IREX, *Media Sustainability Index 2011.* Scale of 0 to 4 where 4 is the most advanced. This index does not track the progress in the Northern Tier CEE countries.

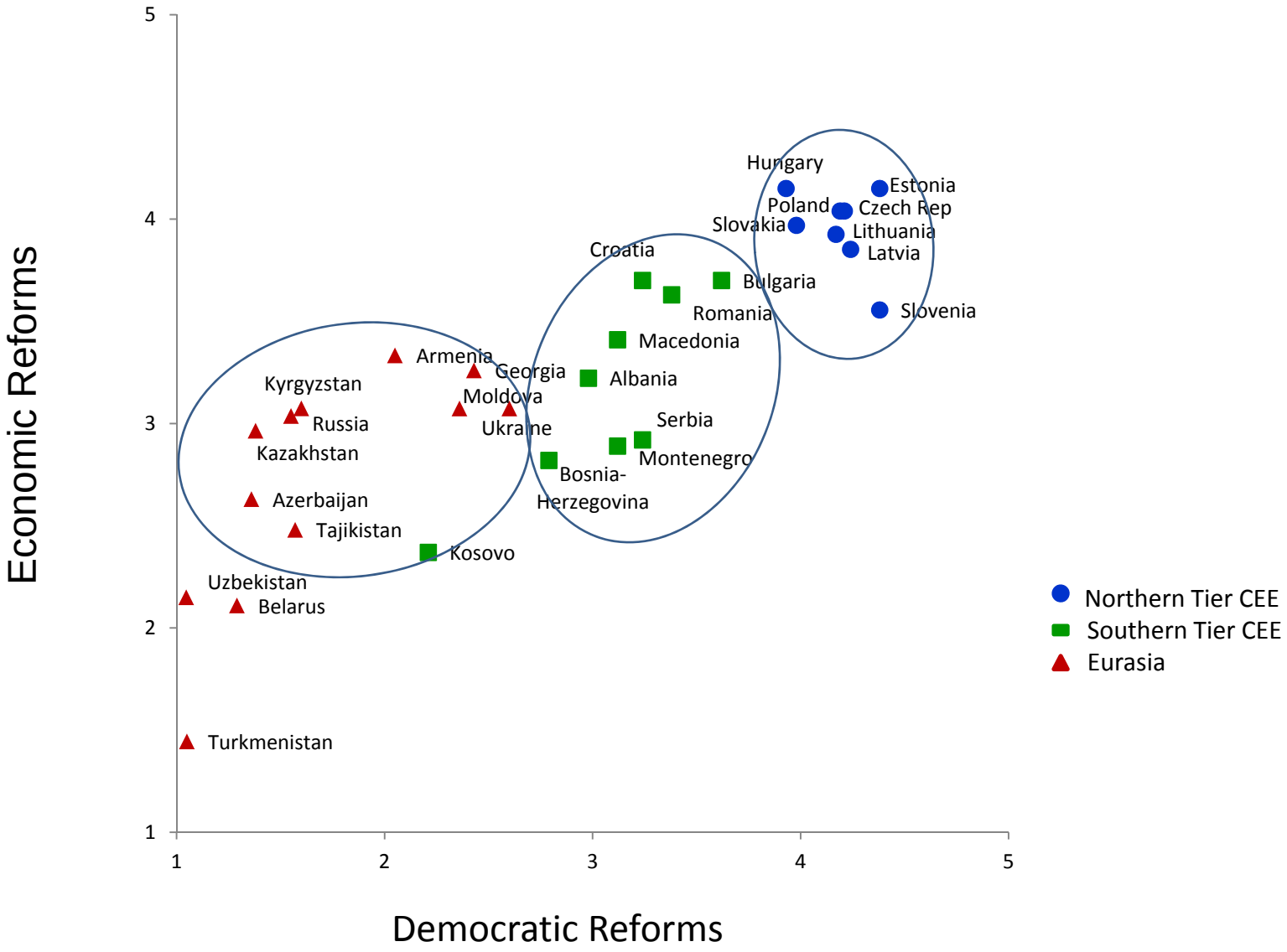
Figure 15



USAID, *2009 NGO Sustainability Index for Central and Eastern Europe and Eurasia*, 13th Edition (June 2010). Scale of 1 to 7 , with 1 representing the most advanced.

Figure 16

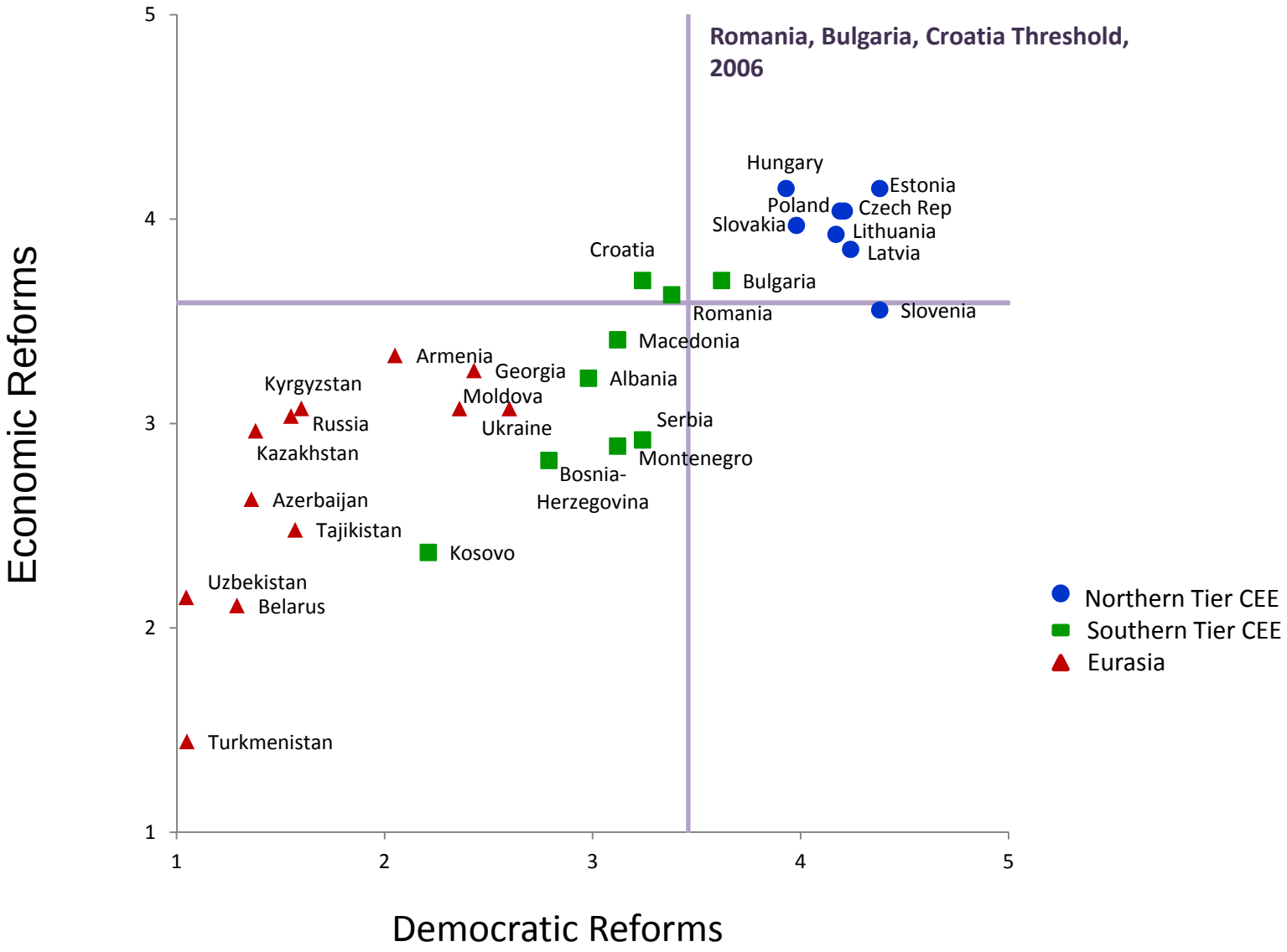
Economic and Democratic Reforms in 2010



Ratings are based on a 1 to 5 scale, with 5 representing most advanced. Freedom House, *Nations in Transit 2011* (June 2011); and EBRD, *Transition Report 2010* (November 2010).

Figure 17

Economic and Democratic Reforms in 2010



Ratings are based on a 1 to 5 scale, with 5 representing most advanced. Freedom House, *Nations in Transit 2011* (June 2011); and EBRD, *Transition Report 2010* (November 2010).

Figure 18

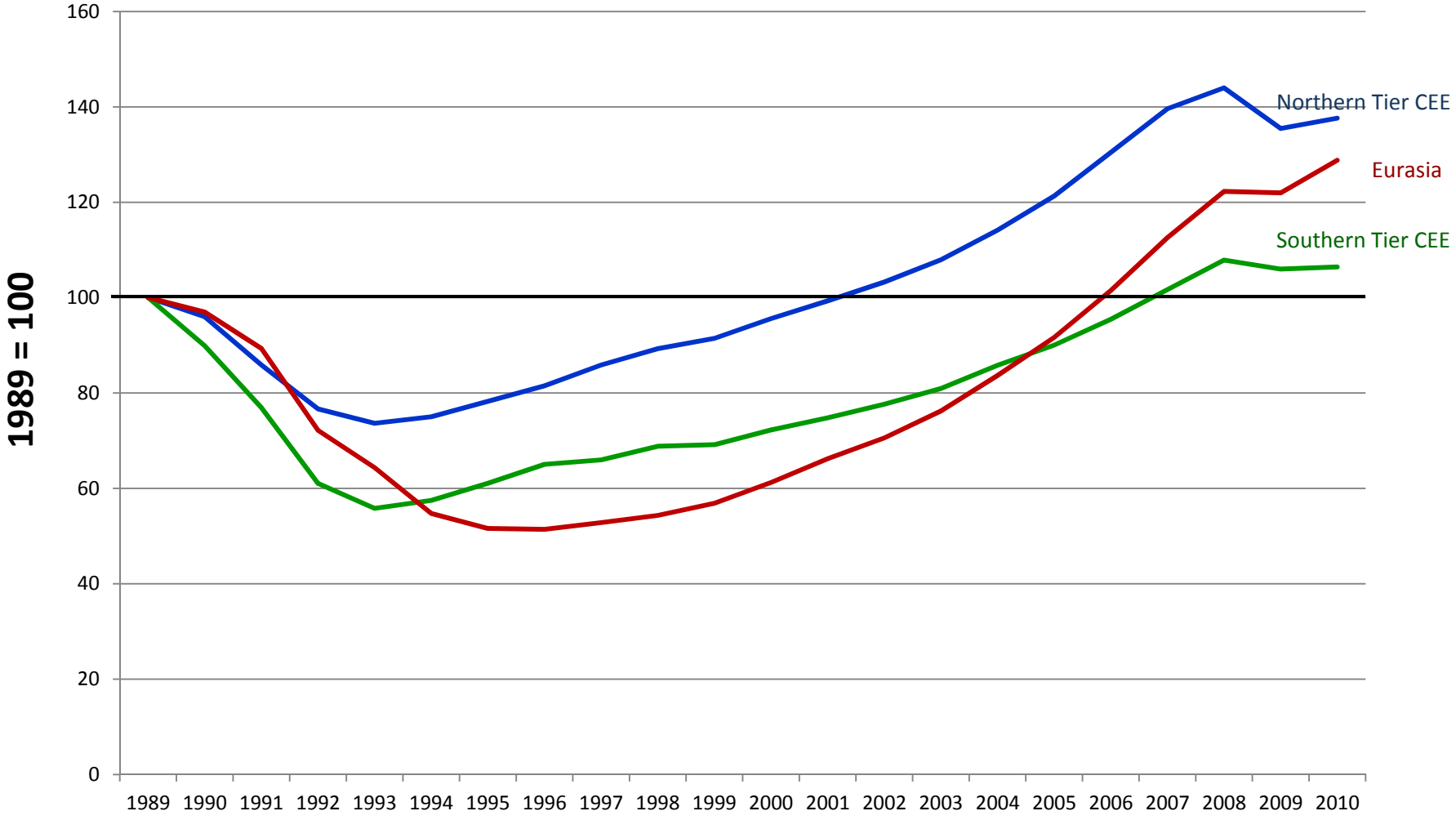
Economic Growth and Contraction

(% change in GDP)

World Bank, *World Development Indicators*, 2011; Economist Intelligence Unit Database. Equally weighted calculations for the EE subregions.

Figure 19

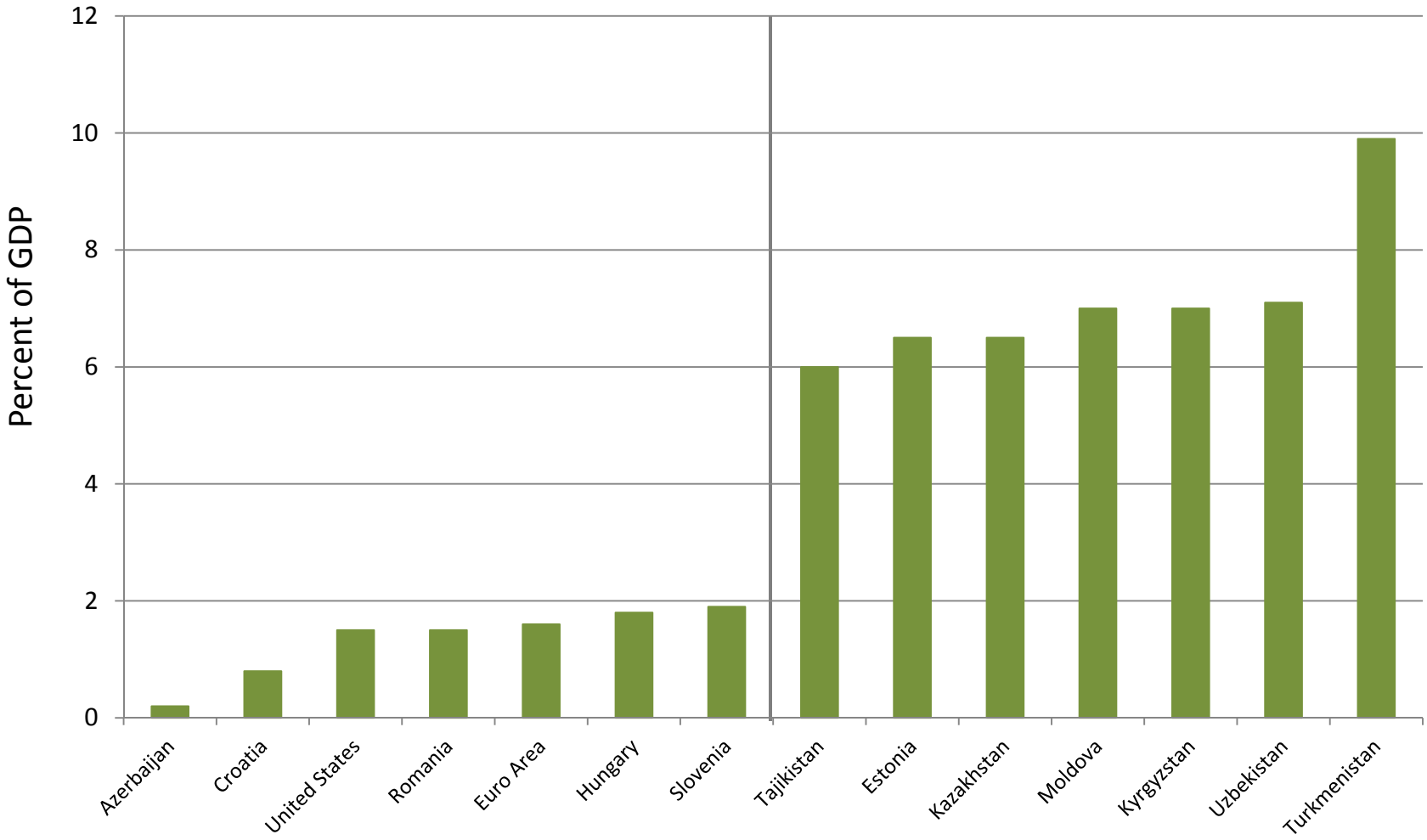
GDP as a Percentage of 1989 GDP



EBRD, *Transition Report 2010* (November 2010), and IMF, *World Economic Outlook* (April 2011).

Figure 20

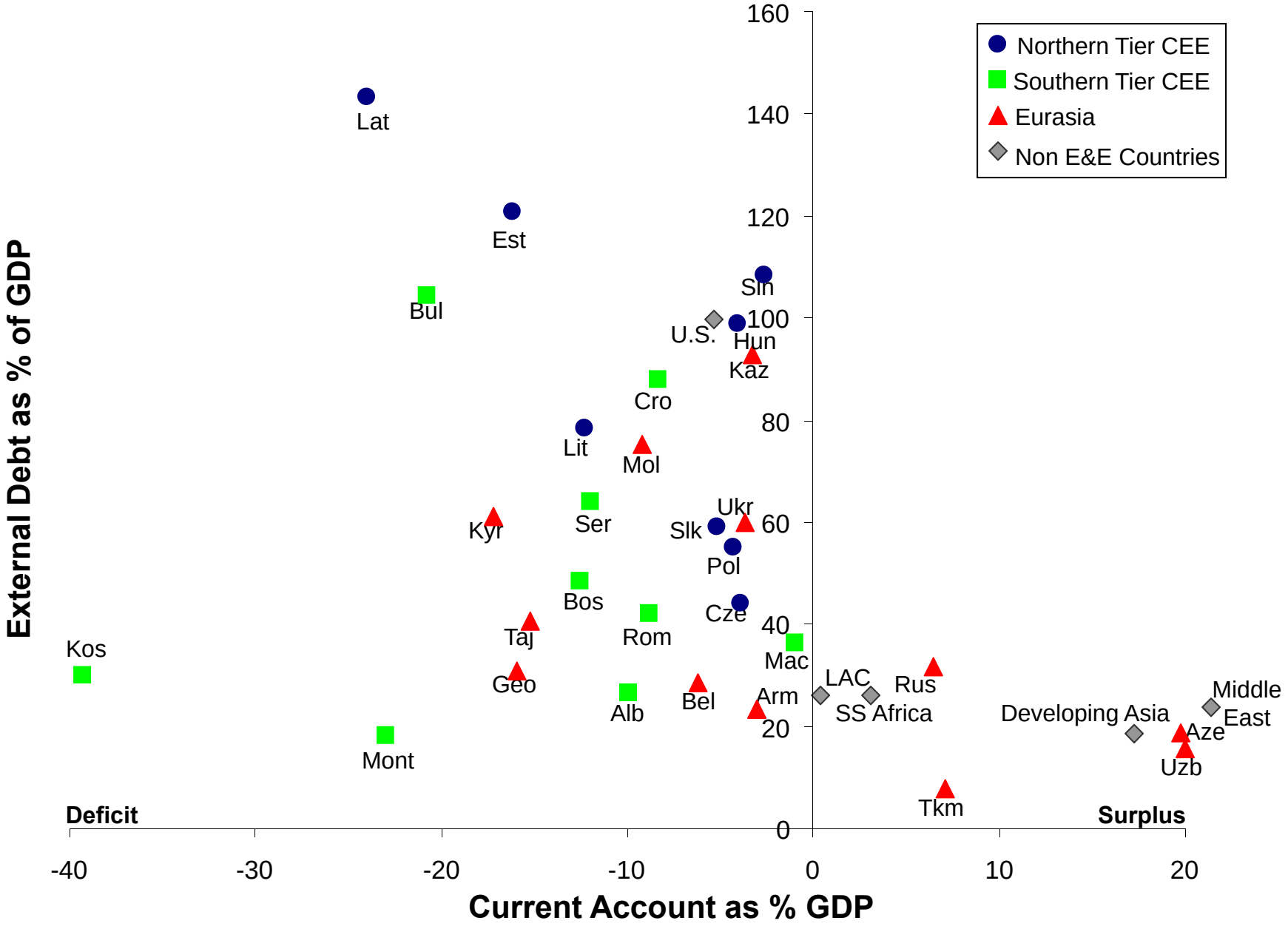
Economic Growth: the Worst Performers versus the Best Performers in 2011



IMF, *World Economic Outlook* (September2011).

Figure 21

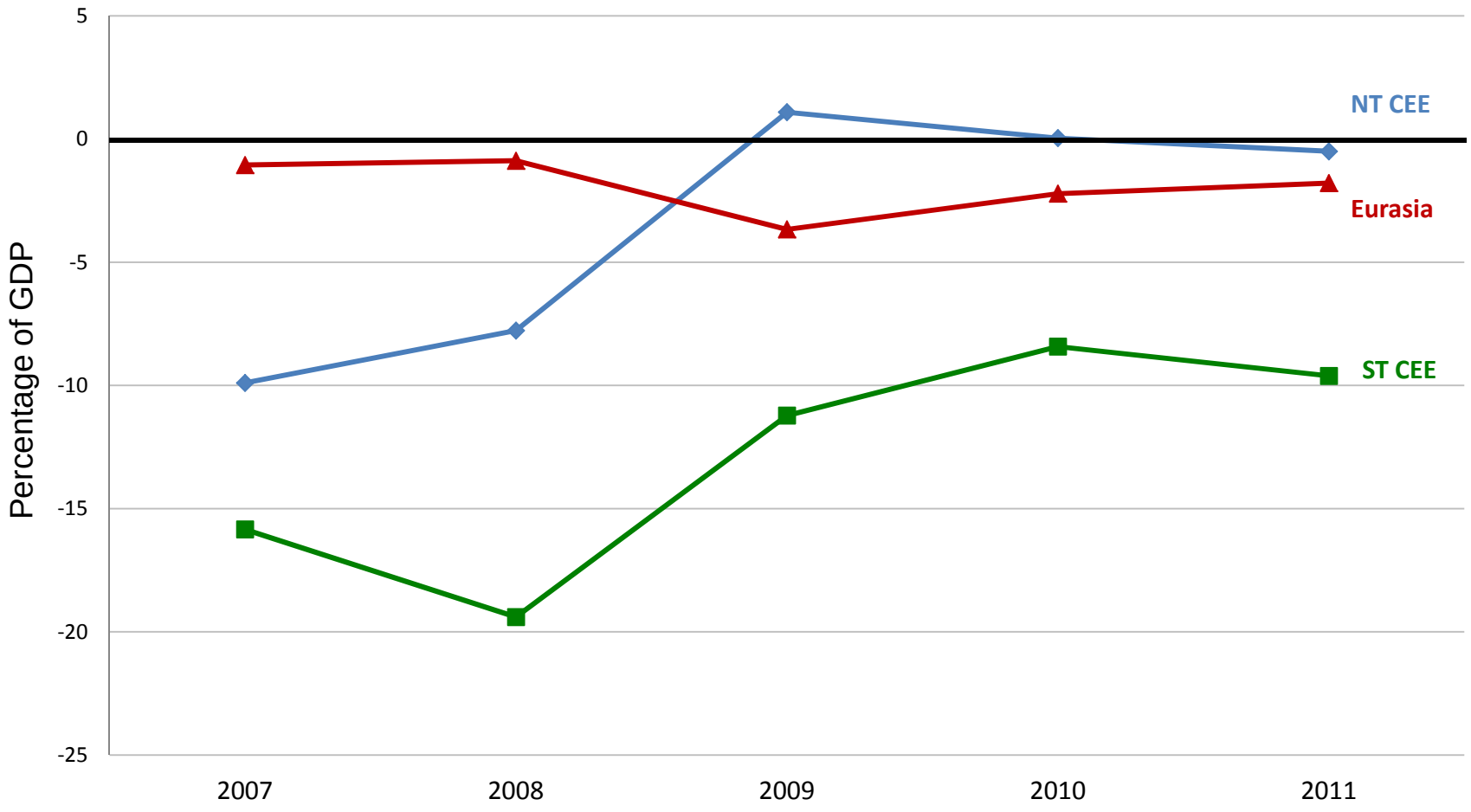
Current Account Balance and External Debt in 2007



World Bank, *World Development Indicators* (April 2008) and IMF, *World Economic Outlook* (October 2008).

Figure 22

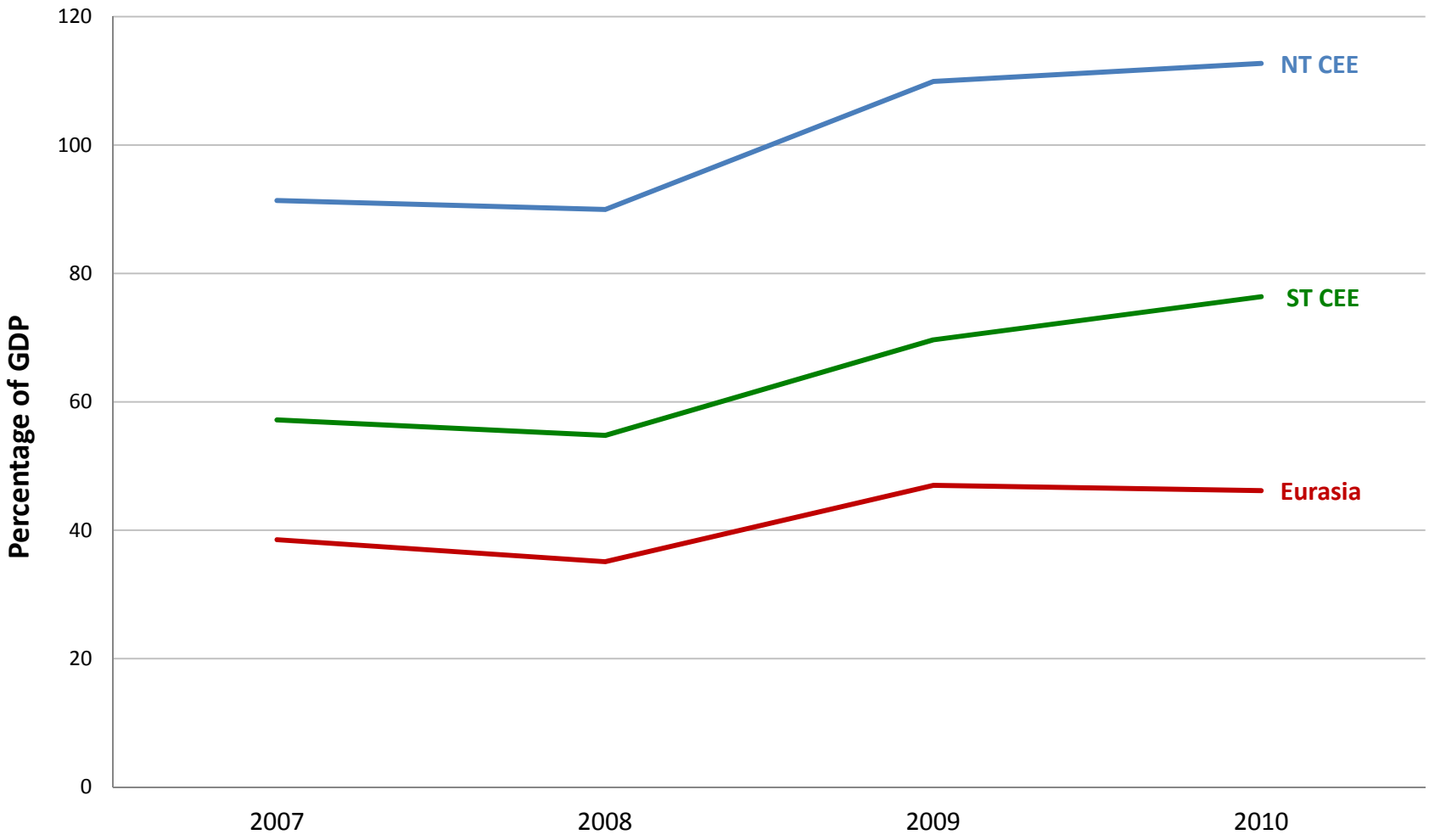
Current Account Balances



IMF, *World Economic Outlook* (June 2011).

Figure 23

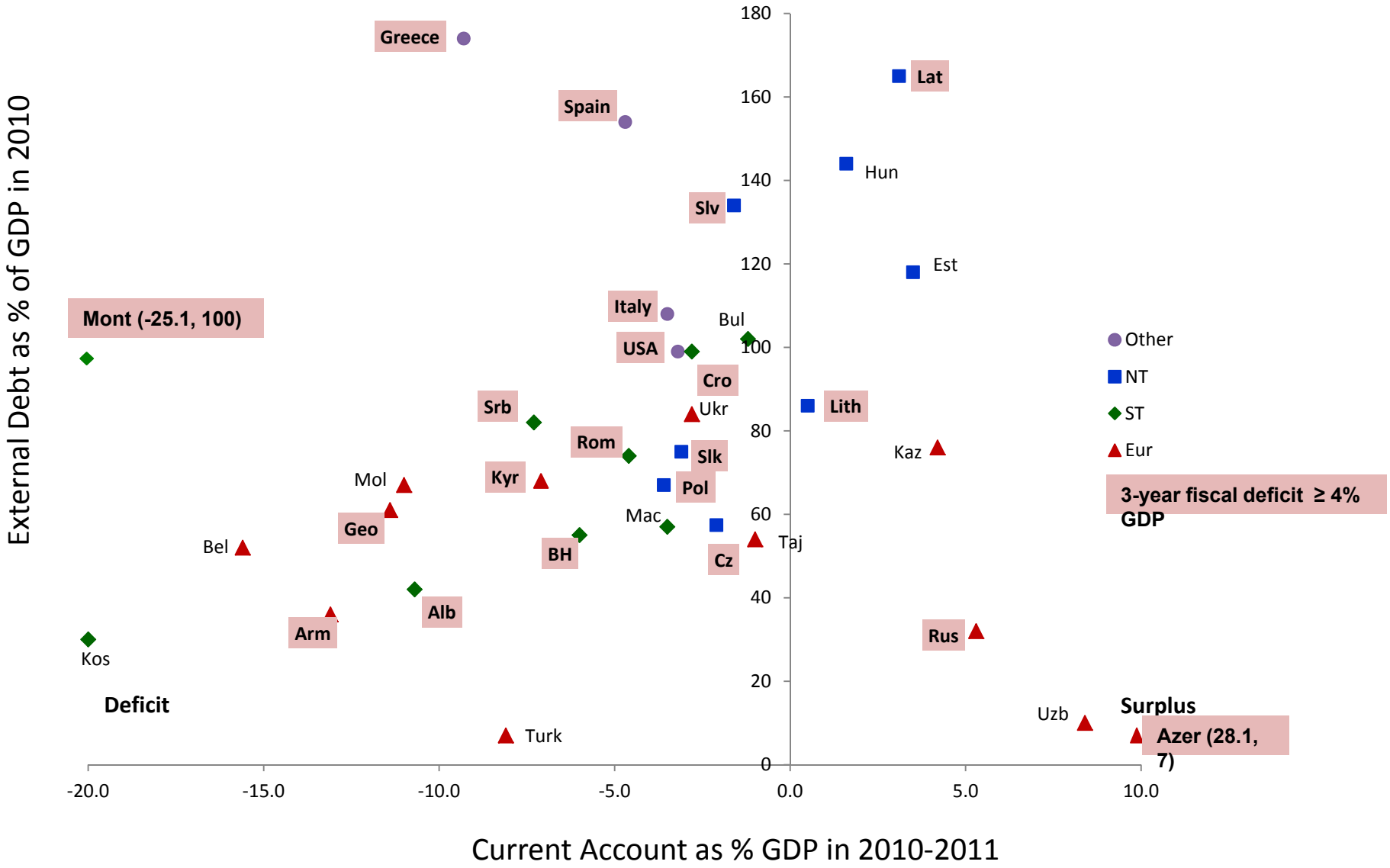
External Debt as a Percentage of GDP



EBRD, *Transition Report* (November 2010) and World Bank, *World Development Indicators (*2011).

Figure 24

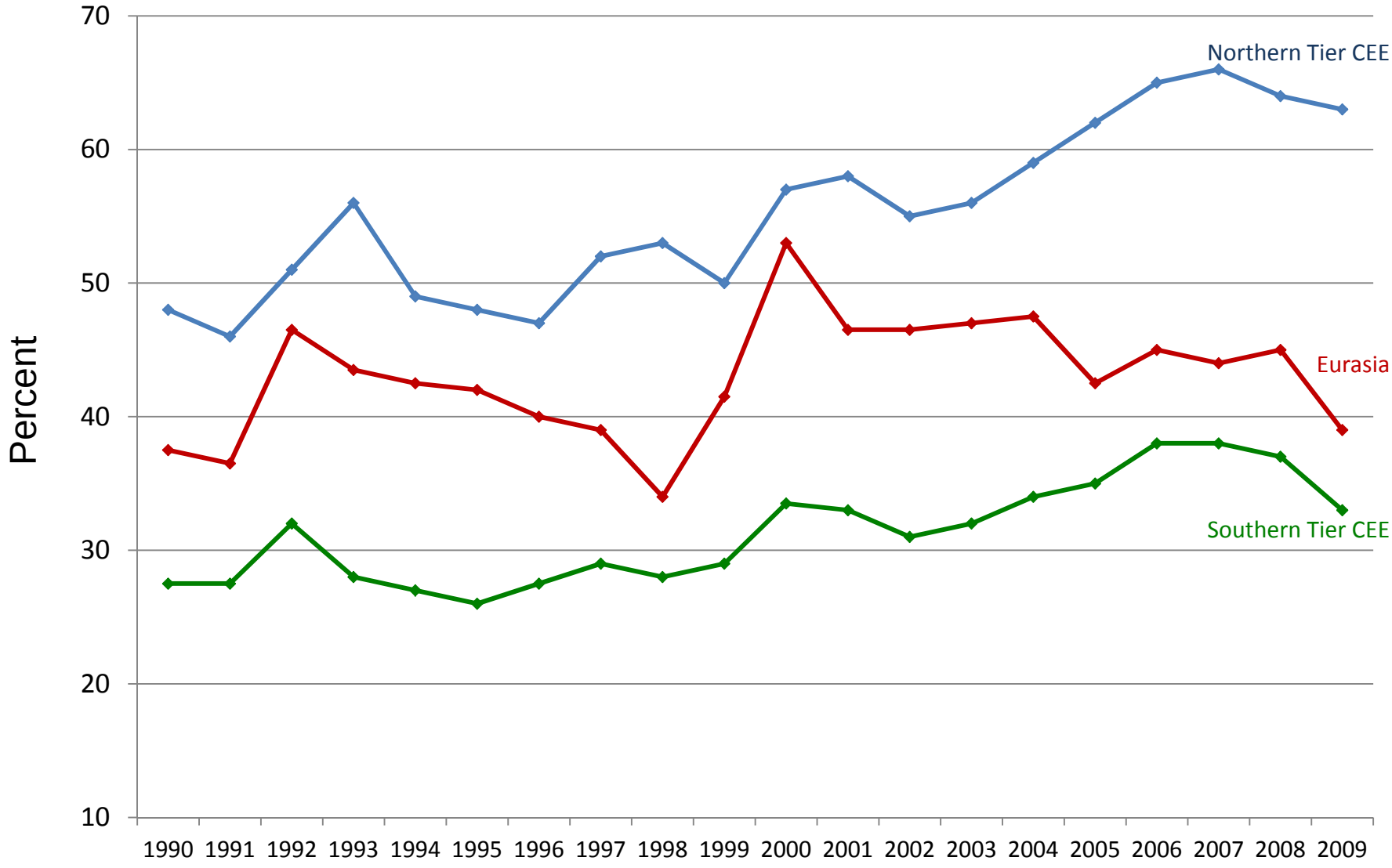
Current Account Balance and External Debt in 2010-2011



EBRD, *Transition Report 2010* (November 2010) and IMF, *World Economic Outlook* (June 2011).

Figure 25

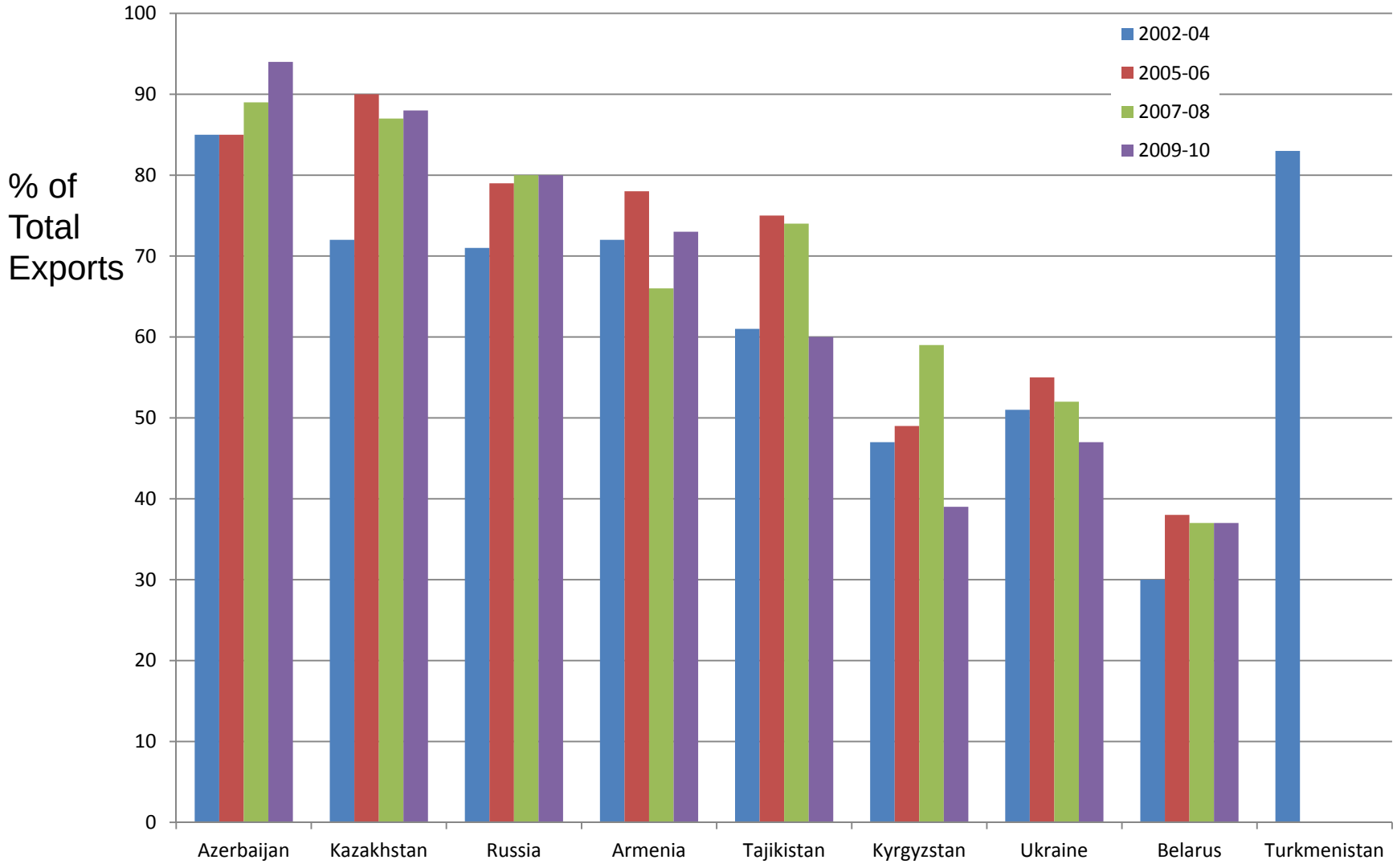
Exports as a Percentage of GDP



World Bank, *World Development Indicators* (2011).

Figure 26

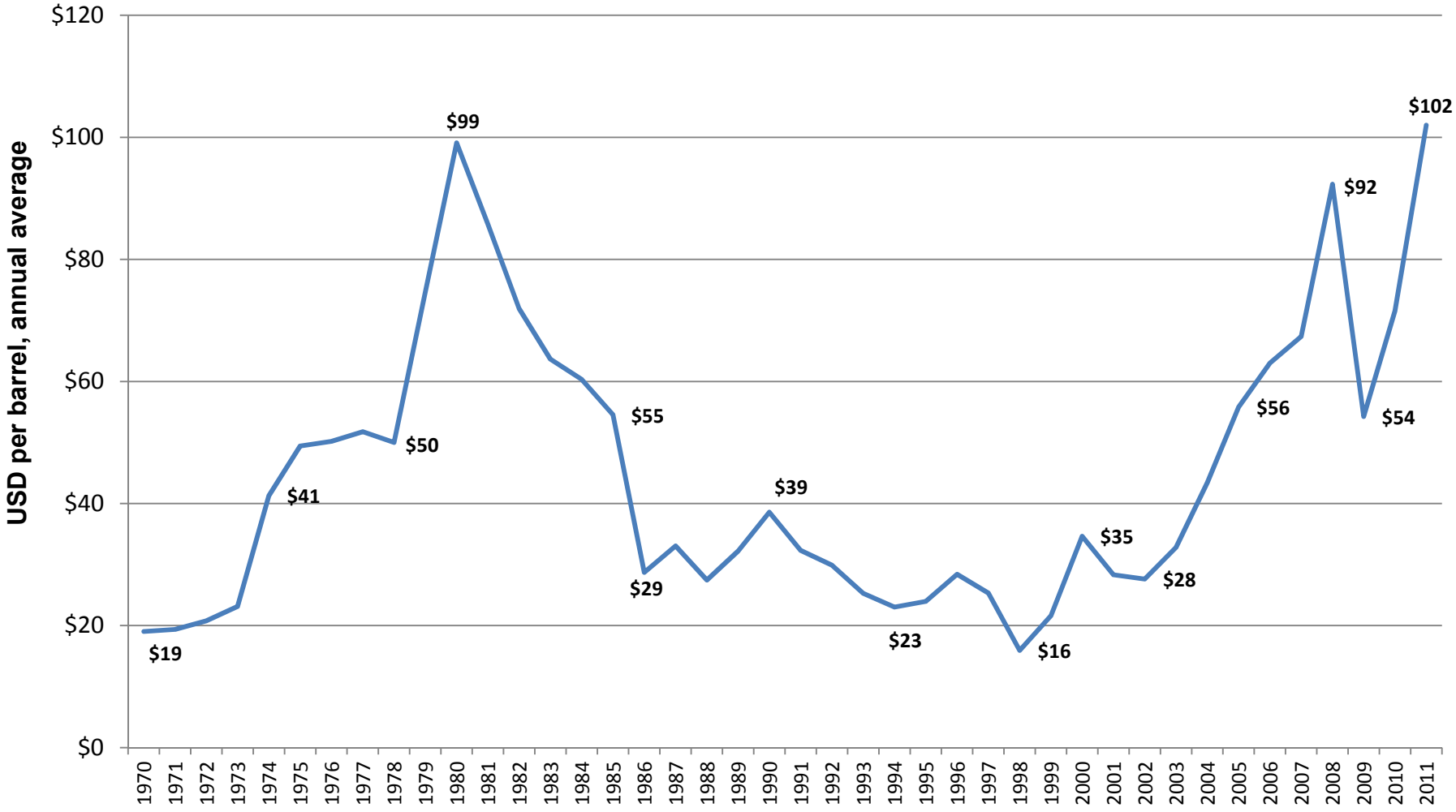
Exports of Fuels, Metals, and Precious Stones in Eurasia



Economist Intelligence Unit, individual country reports.

Figure 27

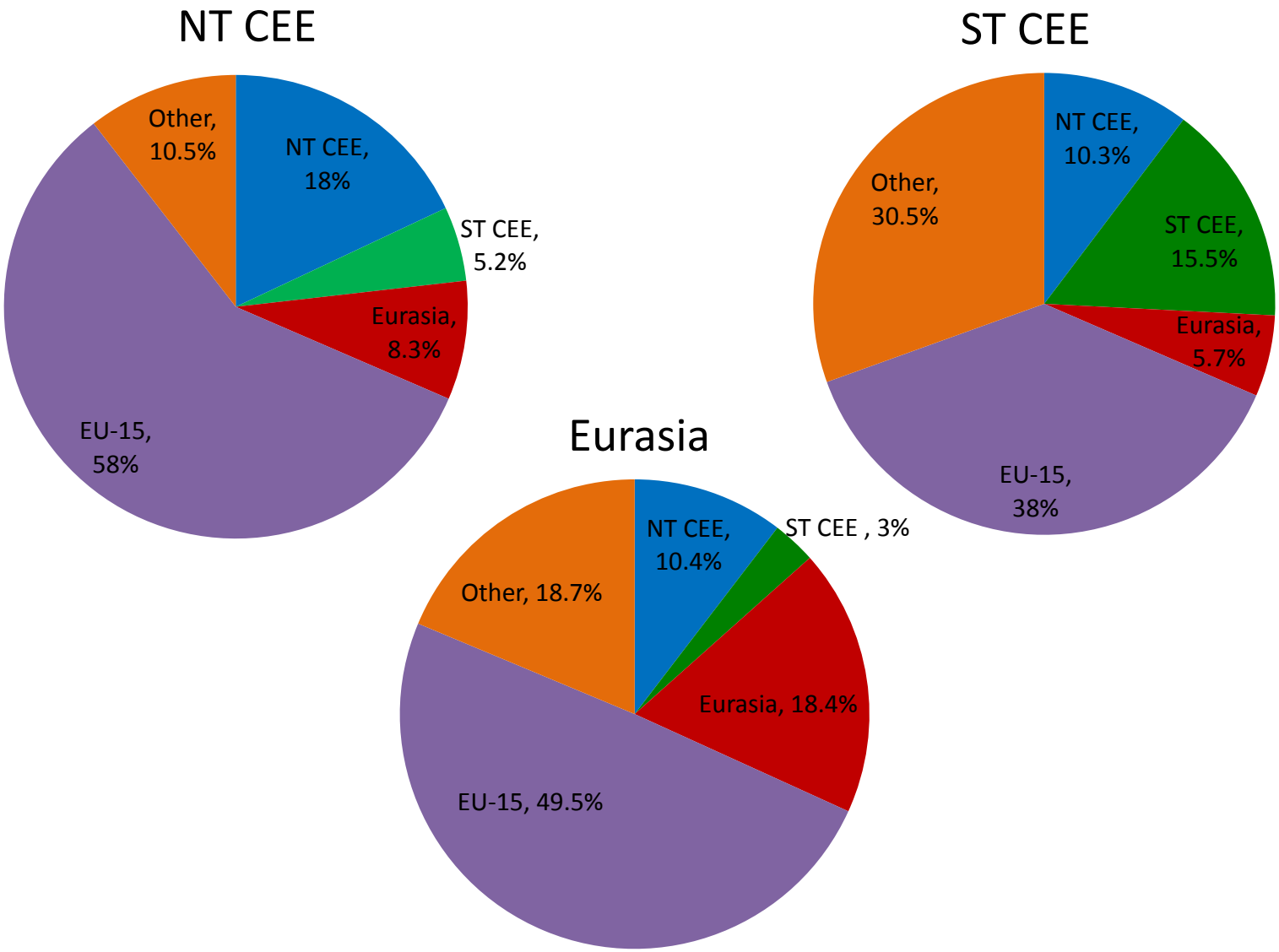
The Price of Oil
Inflation Adjusted



US Energy Information Administration.

Figure 28

Direction of Exports from E&E's Sub-Regions, 2008 (%)



IMF, *Direction of Trade Database* (2010).

Figure 29

Percentage of Trade in 2010 with the Highly Indebted EU Countries (Italy, Greece, and Spain)

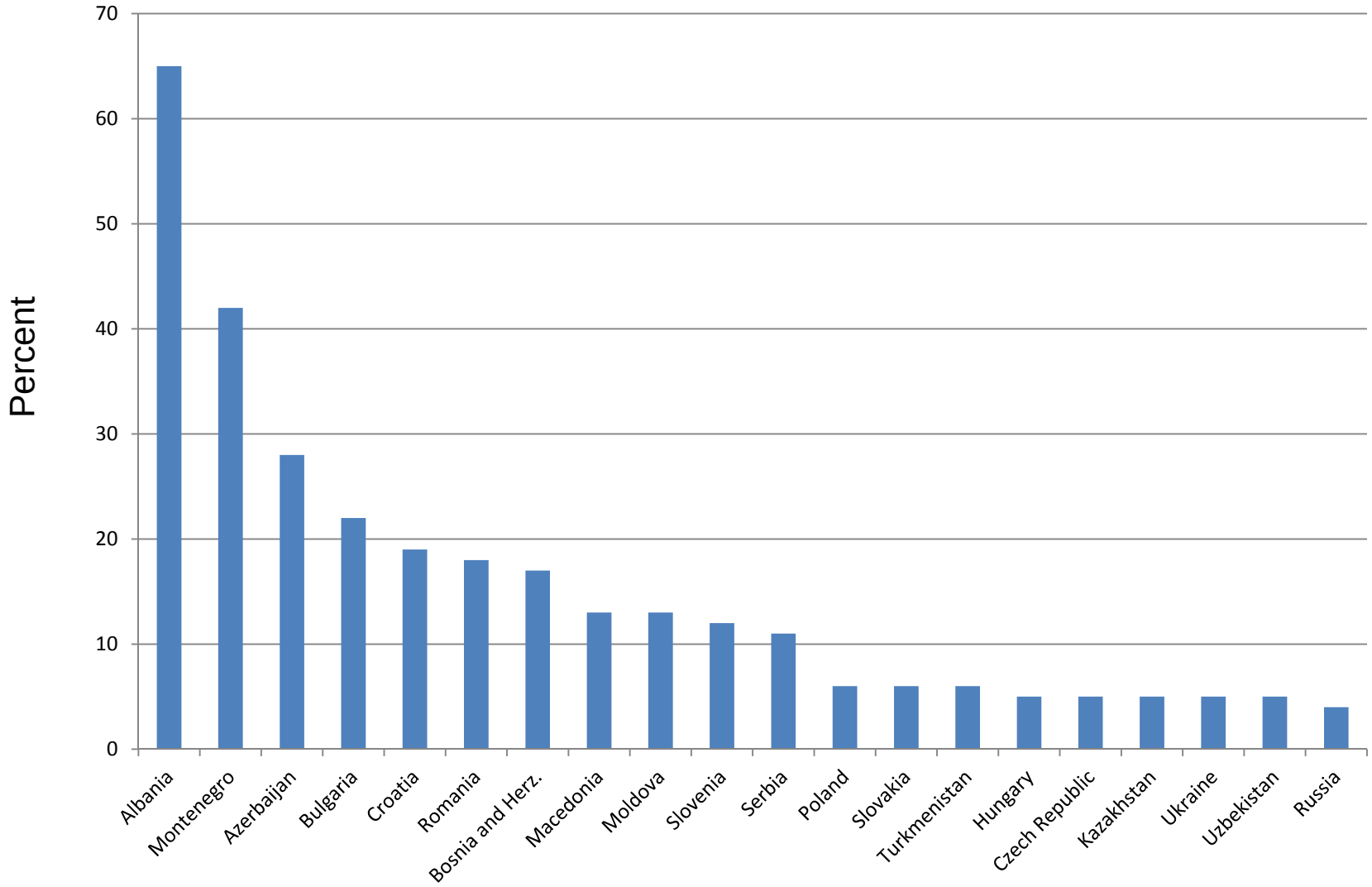
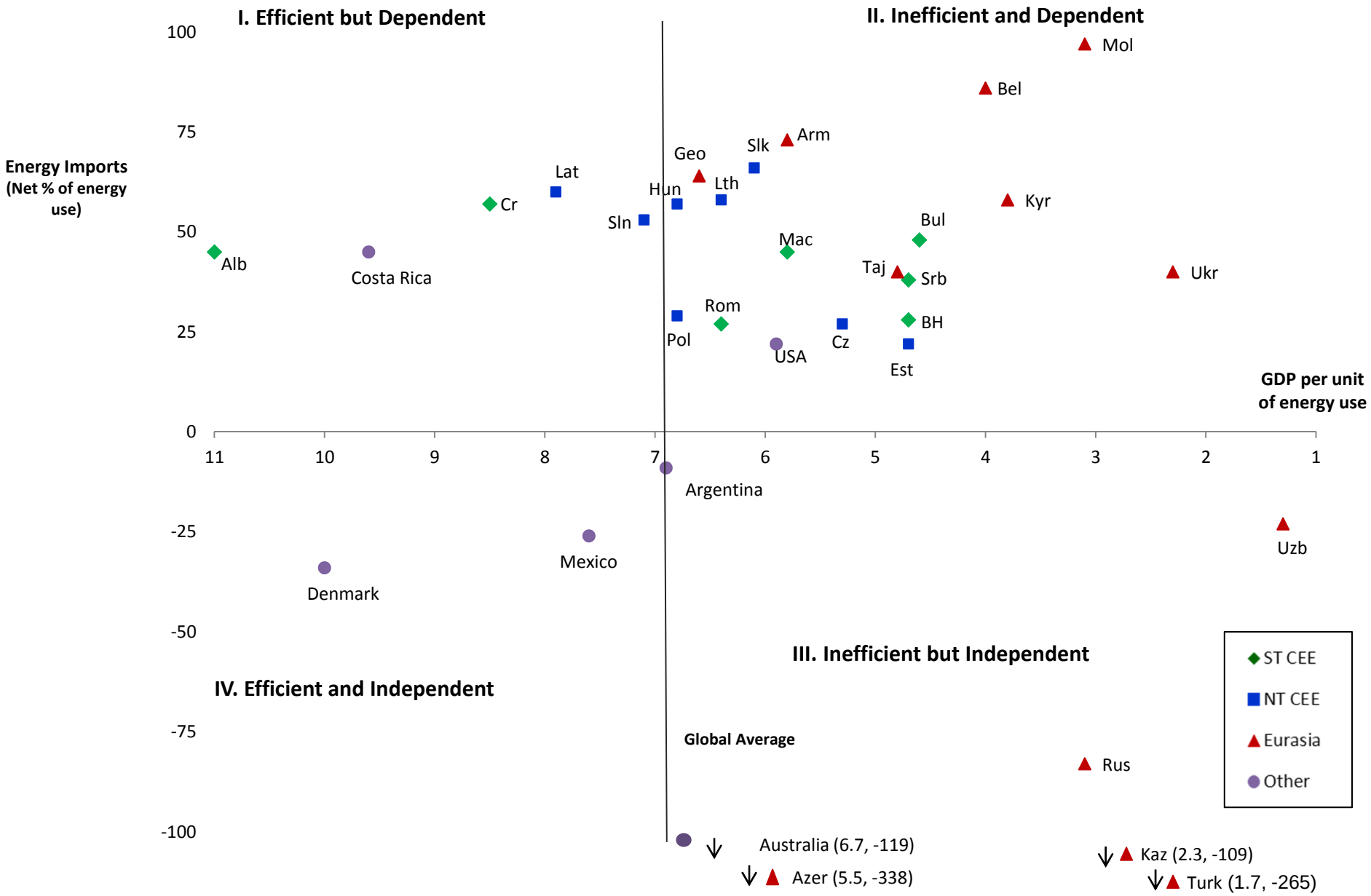


Figure 30

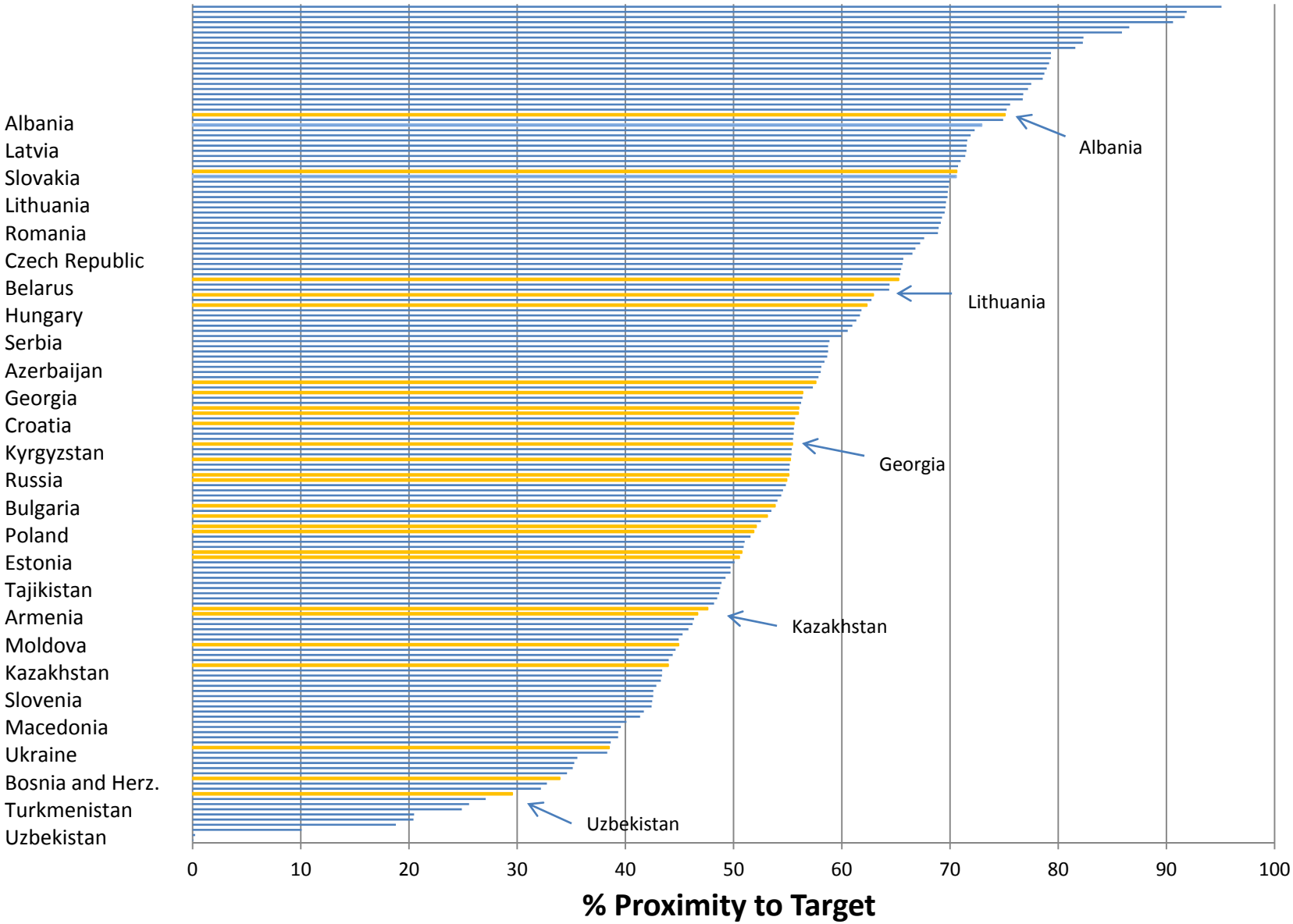
Energy Security, 2010



World Bank, *World Development Indicators* (2011).

Figure 31

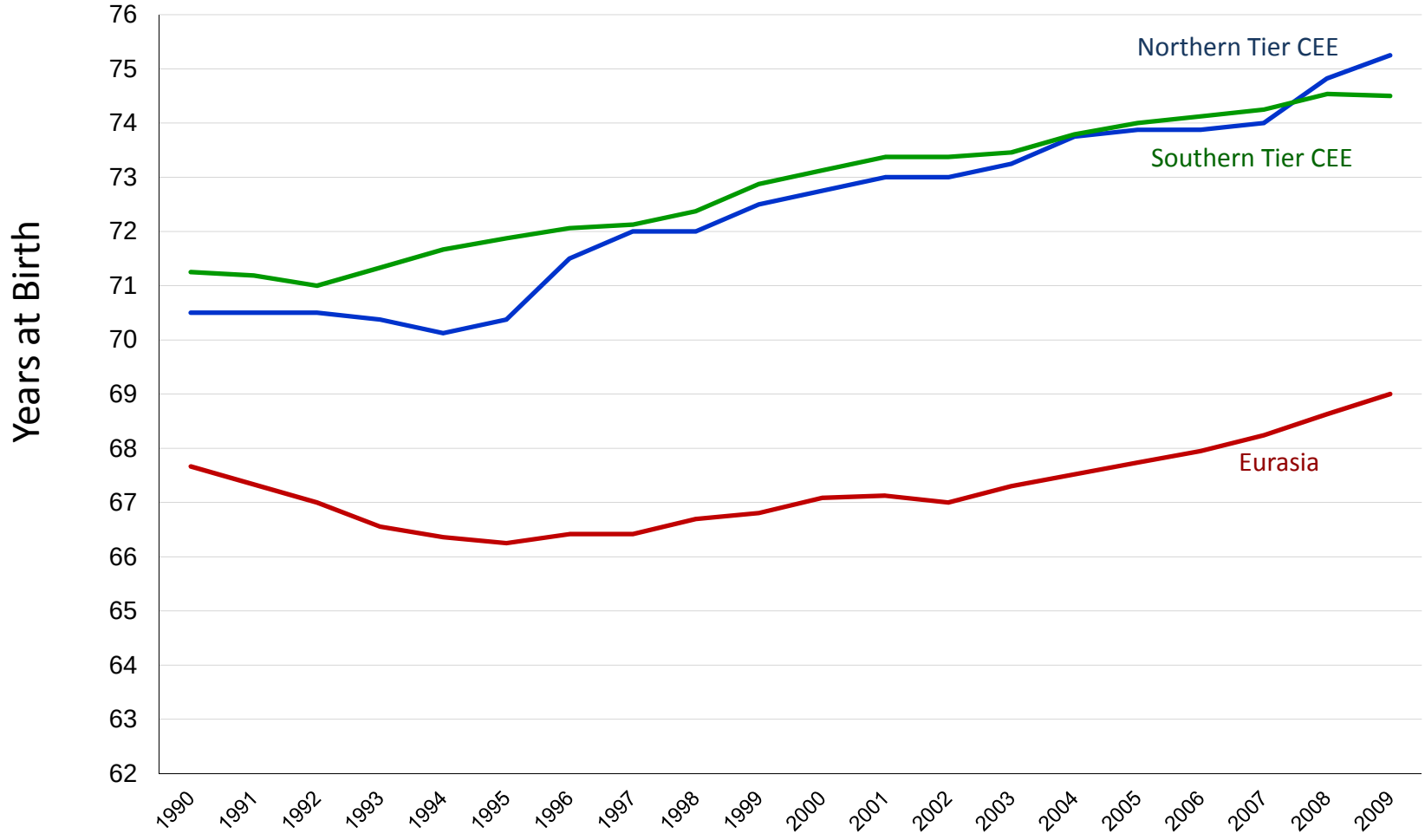
Environmental Sustainability



Yale Center for Environmental Law & Policy and Center for International Earth Science Information Network, Columbia University, *2010 Environmental Performance Index (2011)*.

Figure 32

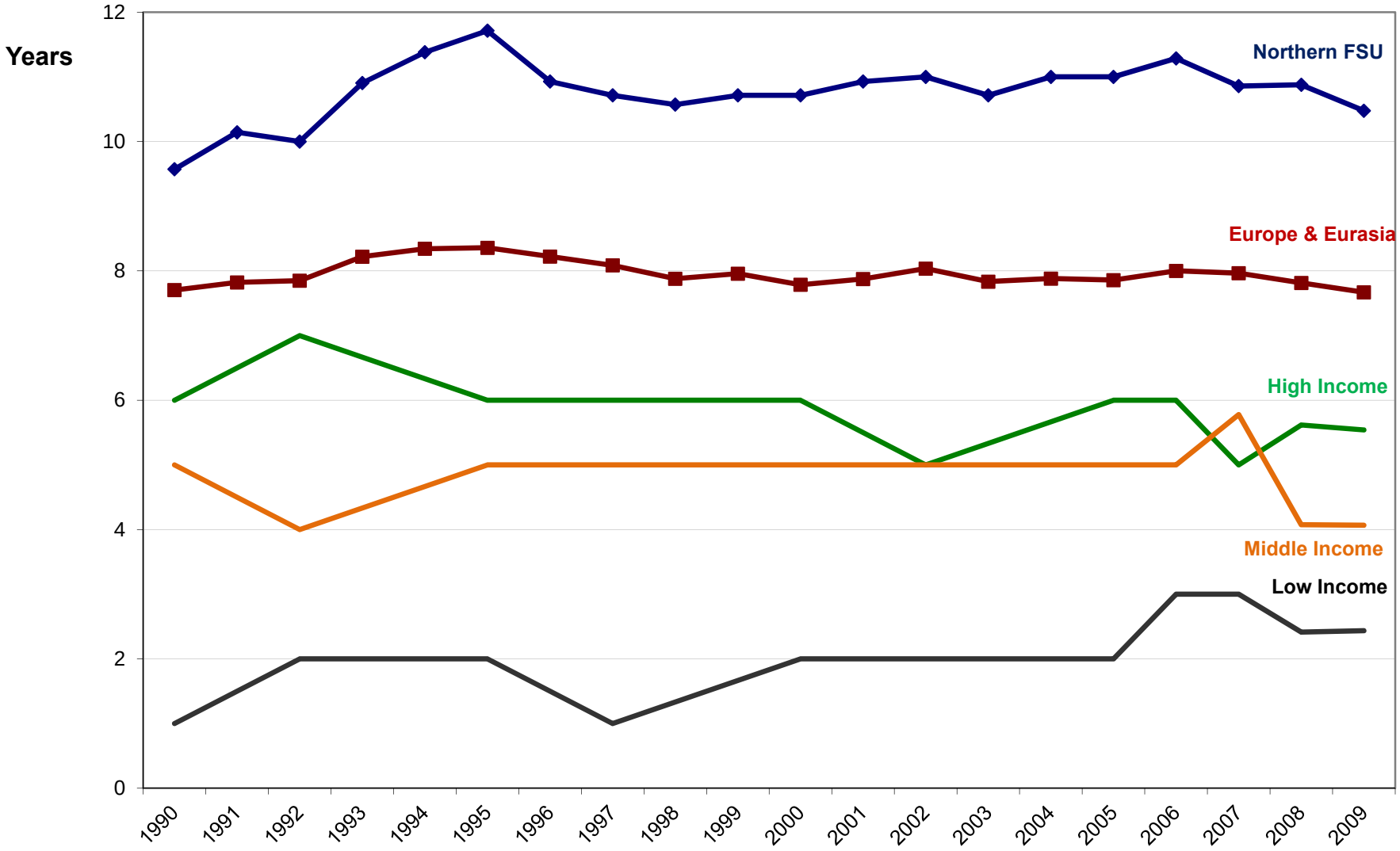
Life Expectancy at Birth



World Bank, *World Development Indicators* (2011).

Figure 33

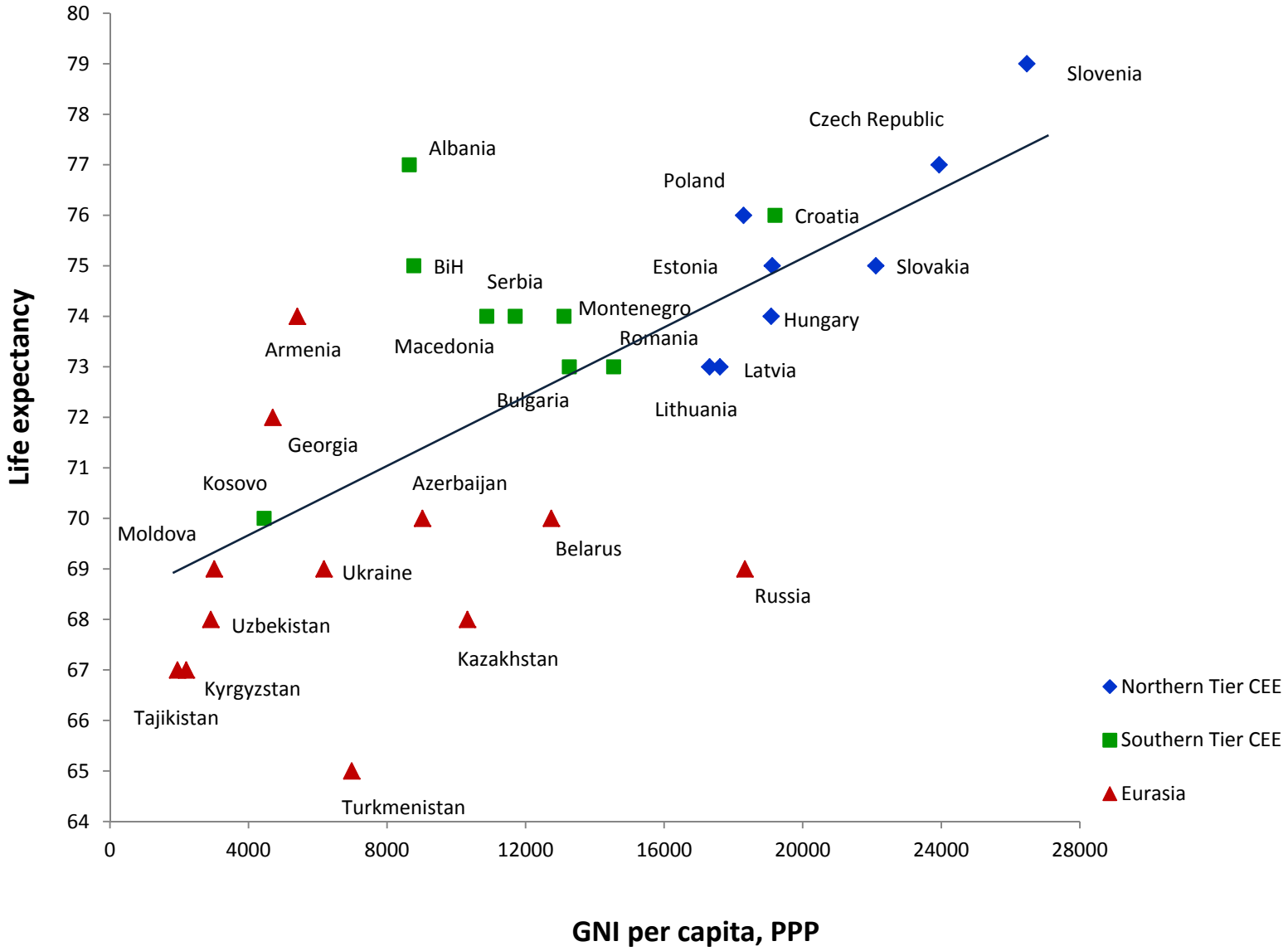
Life Expectancy Gender Gap



World Bank, *World Development Indicators (2011).* The life expectancy gender gap is female life expectancy minus male life expectancy. The Northern Former Soviet Union countries include Russia, Ukraine, Moldova, Belarus, and the three Baltic countries.

Figure 34

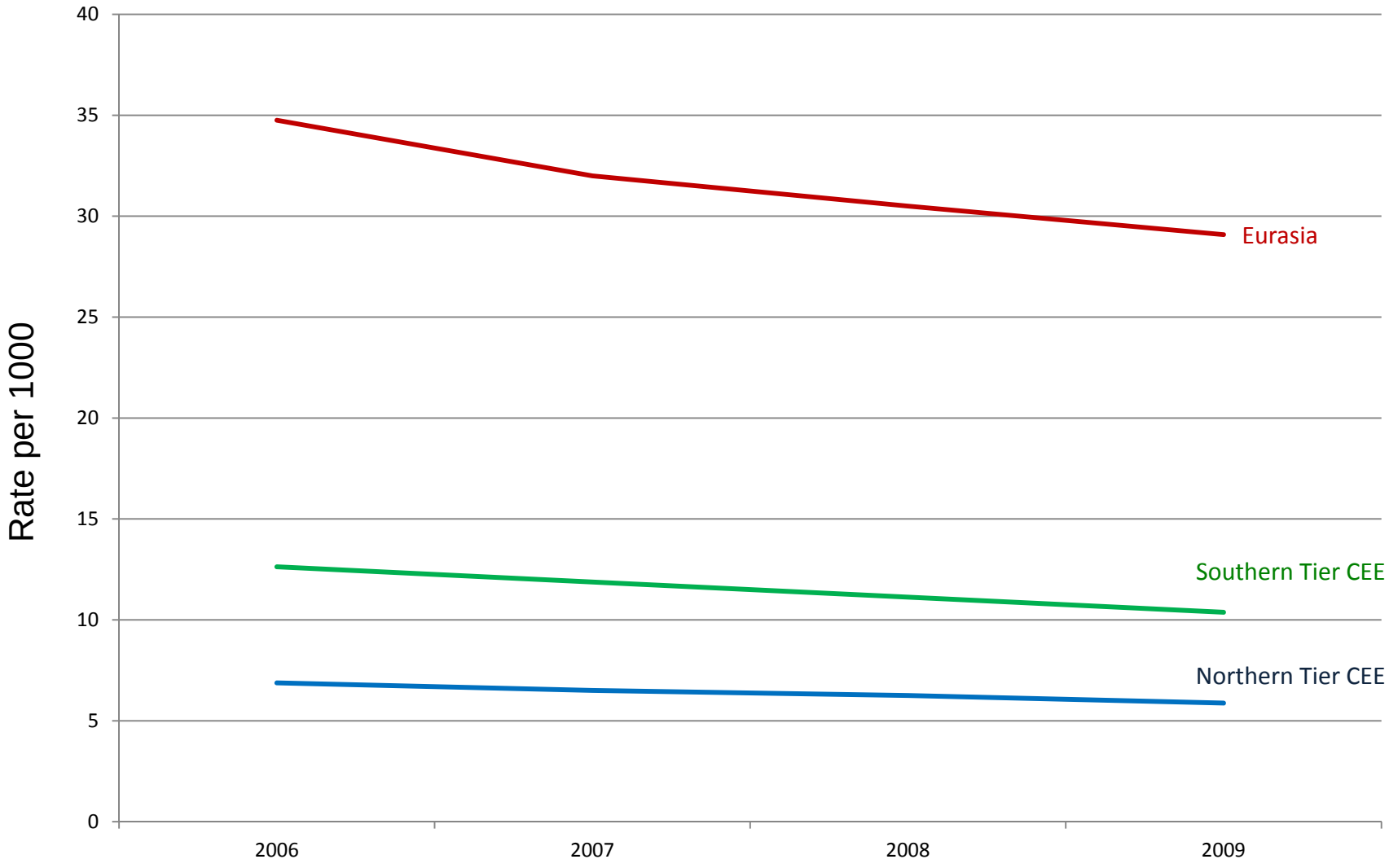
Life Expectancy and Income



World Bank, *World Development Indicators* (2011).

Figure 35

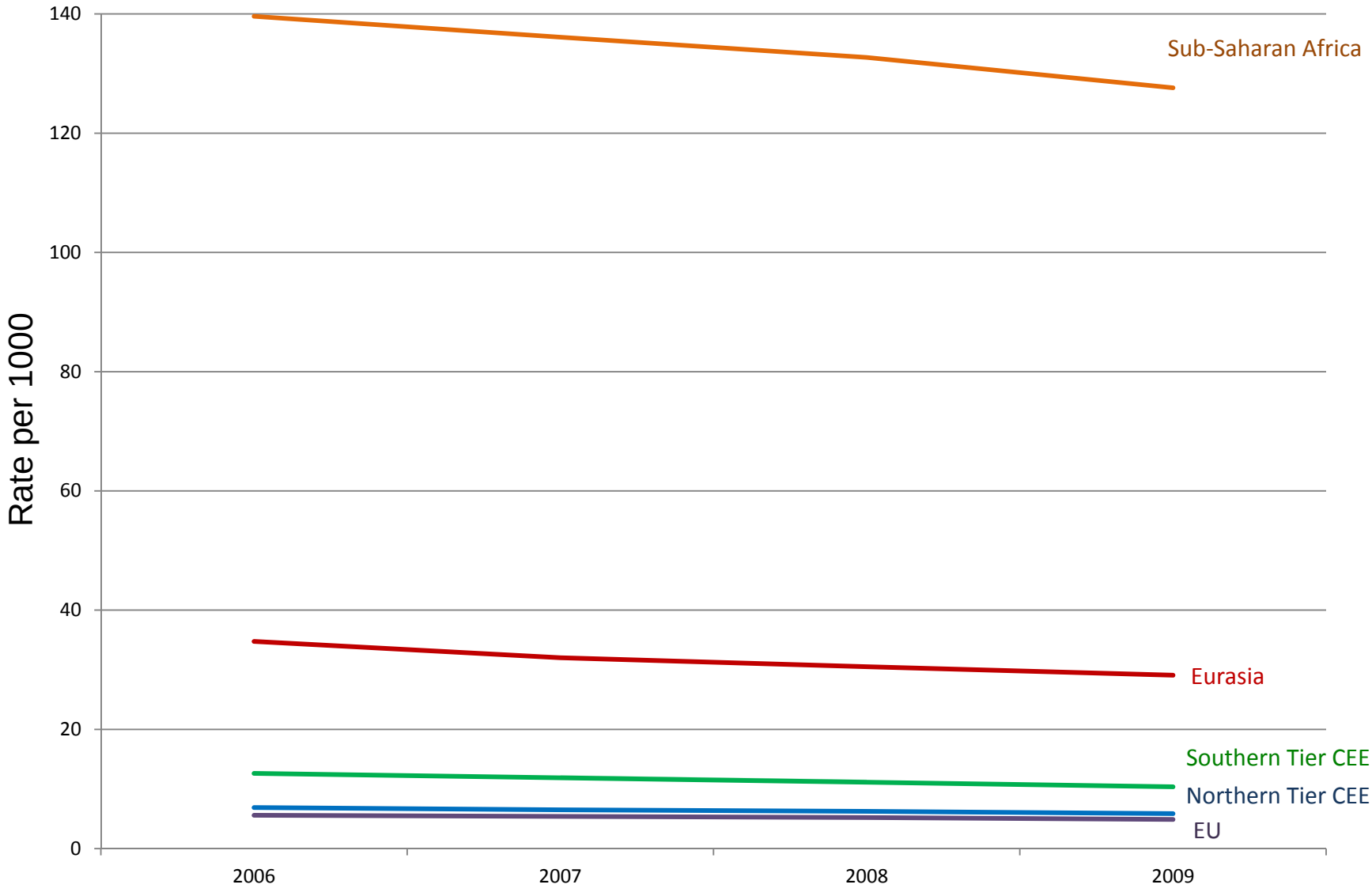
Under-5 Mortality Rate in E&E



World Bank, *World Development Indicators* (2011).

Figure 36

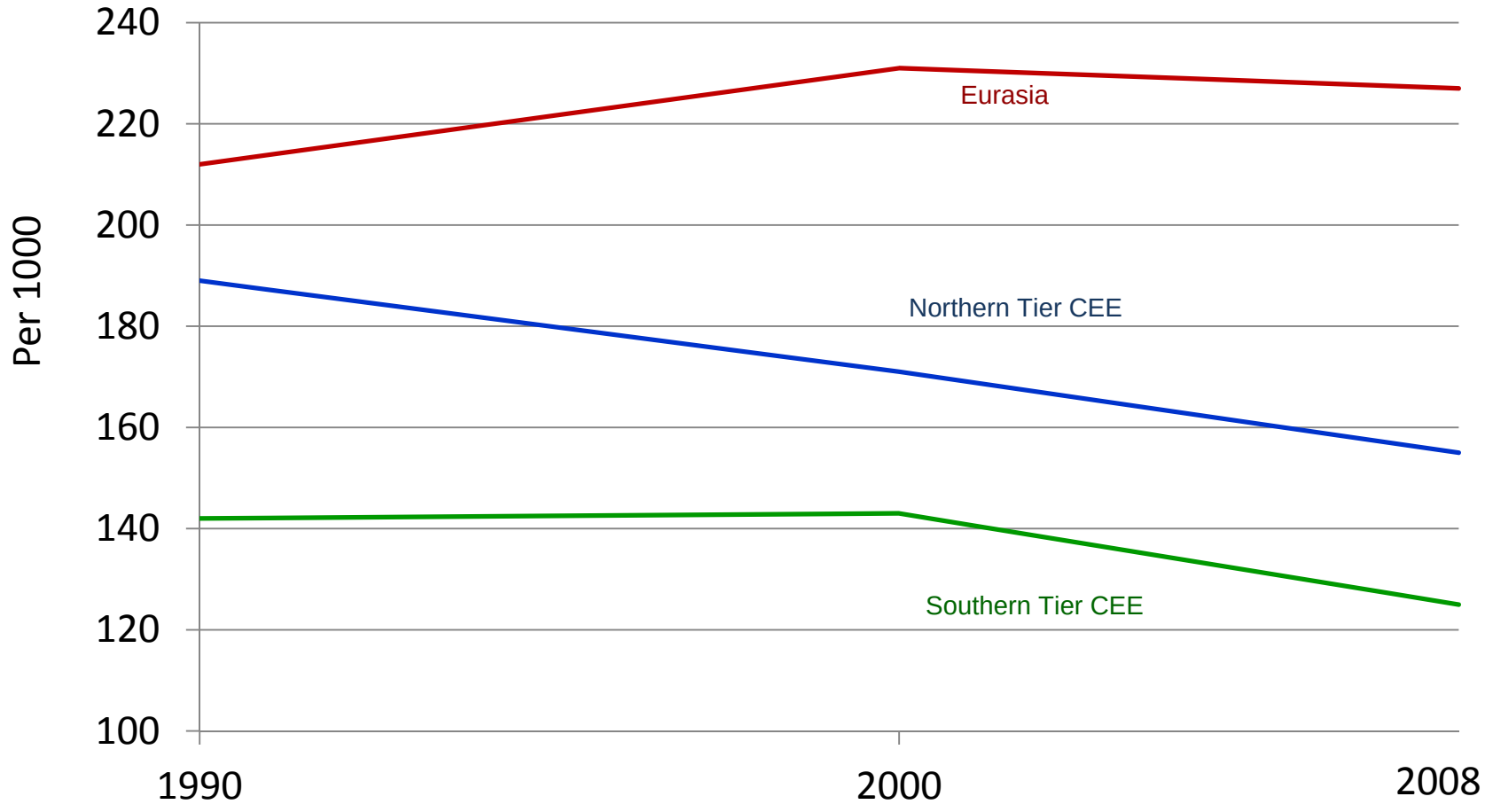
Under-5 Mortality Rate in the World



World Bank, *World Development Indicators* (2011).

Figure 37

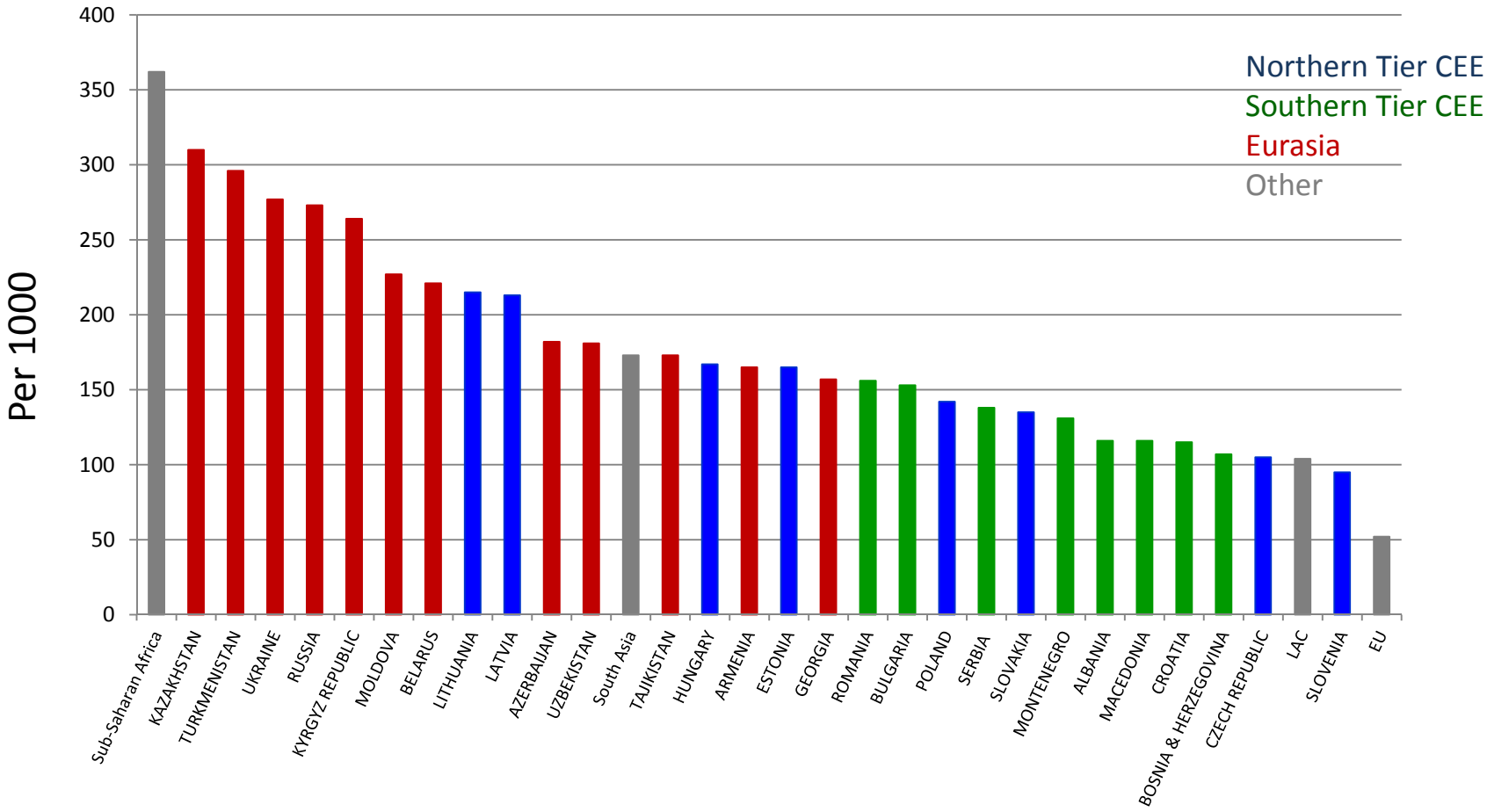
Adult Mortality Rate in Eastern Europe and Eurasia, 1990-2008



World Health Organization, *World Health Statistics* (2010). AMR is the probability of dying between the ages of 15-60 per 1000 population..

Figure 38

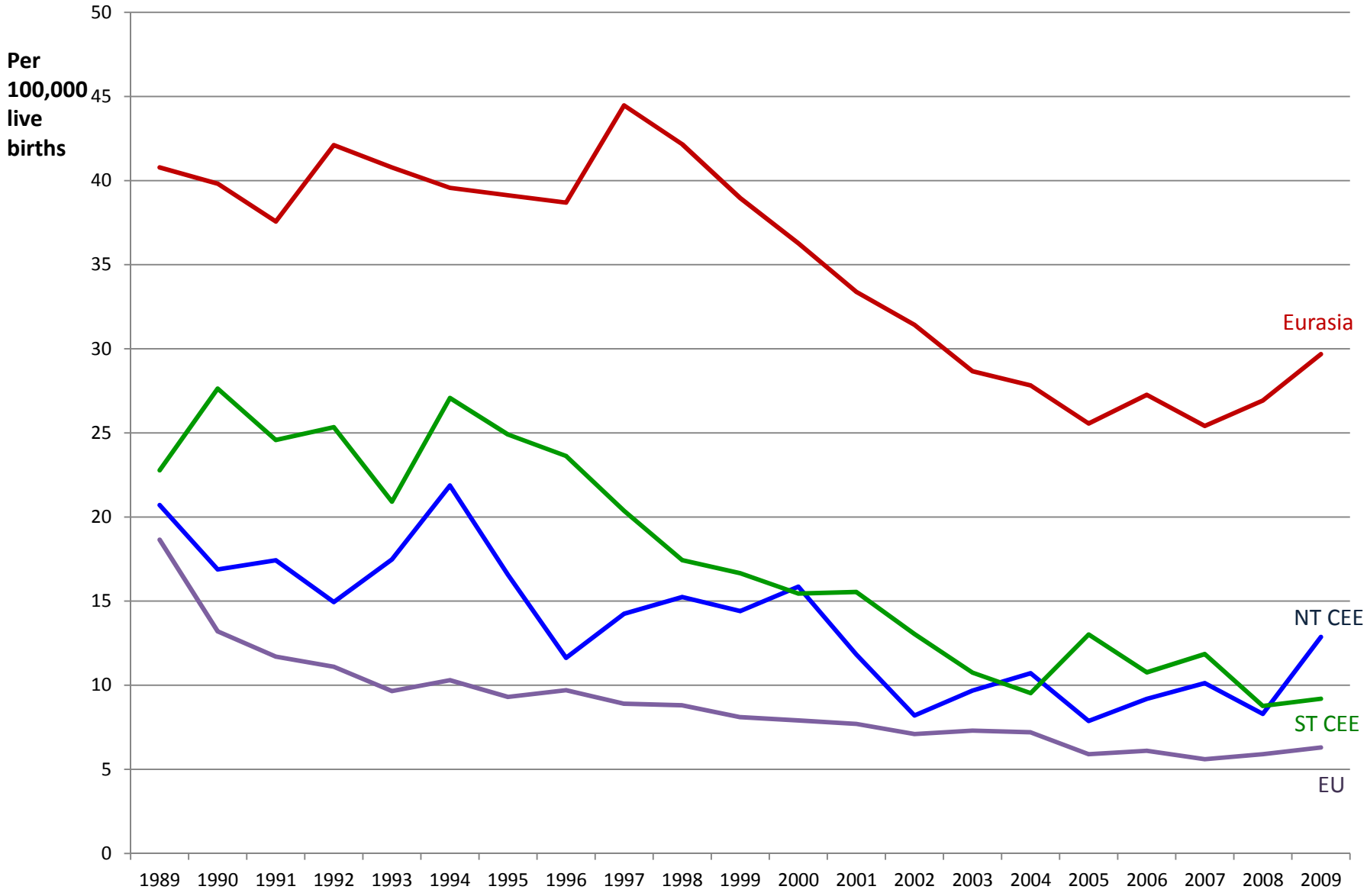
Adult Mortality Rate in Eastern Europe and Eurasia, 2008



World Health Organization, *World Health Statistics (*2010). AMR is the probability of dying between the ages of 15-60 per 1000 population.

Figure 39

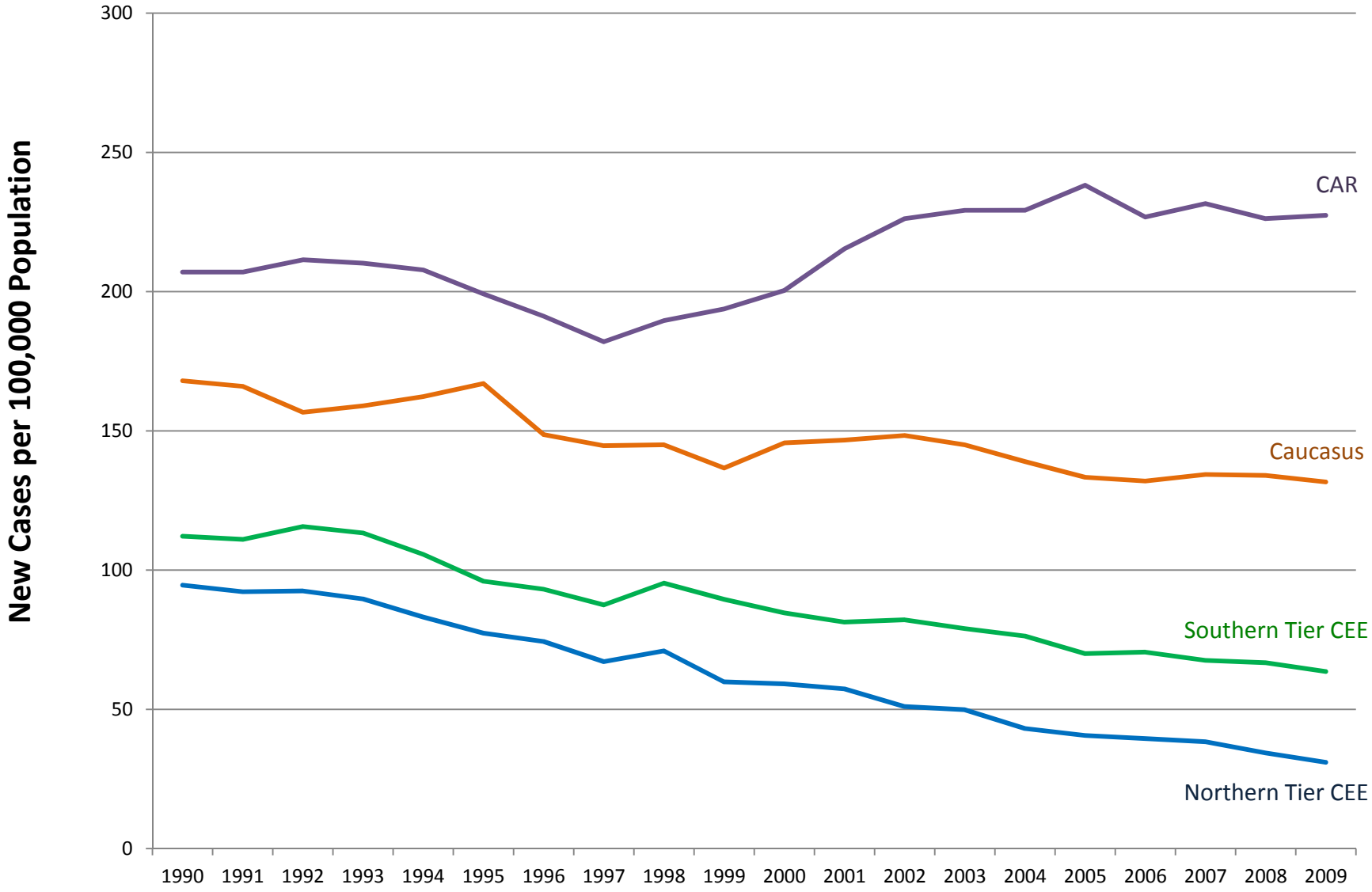
Maternal Mortality Ratio



UNICEF, *TransMONEE Database* (May 2011) and WHO, *European Health for All* (2010).

Figure 40

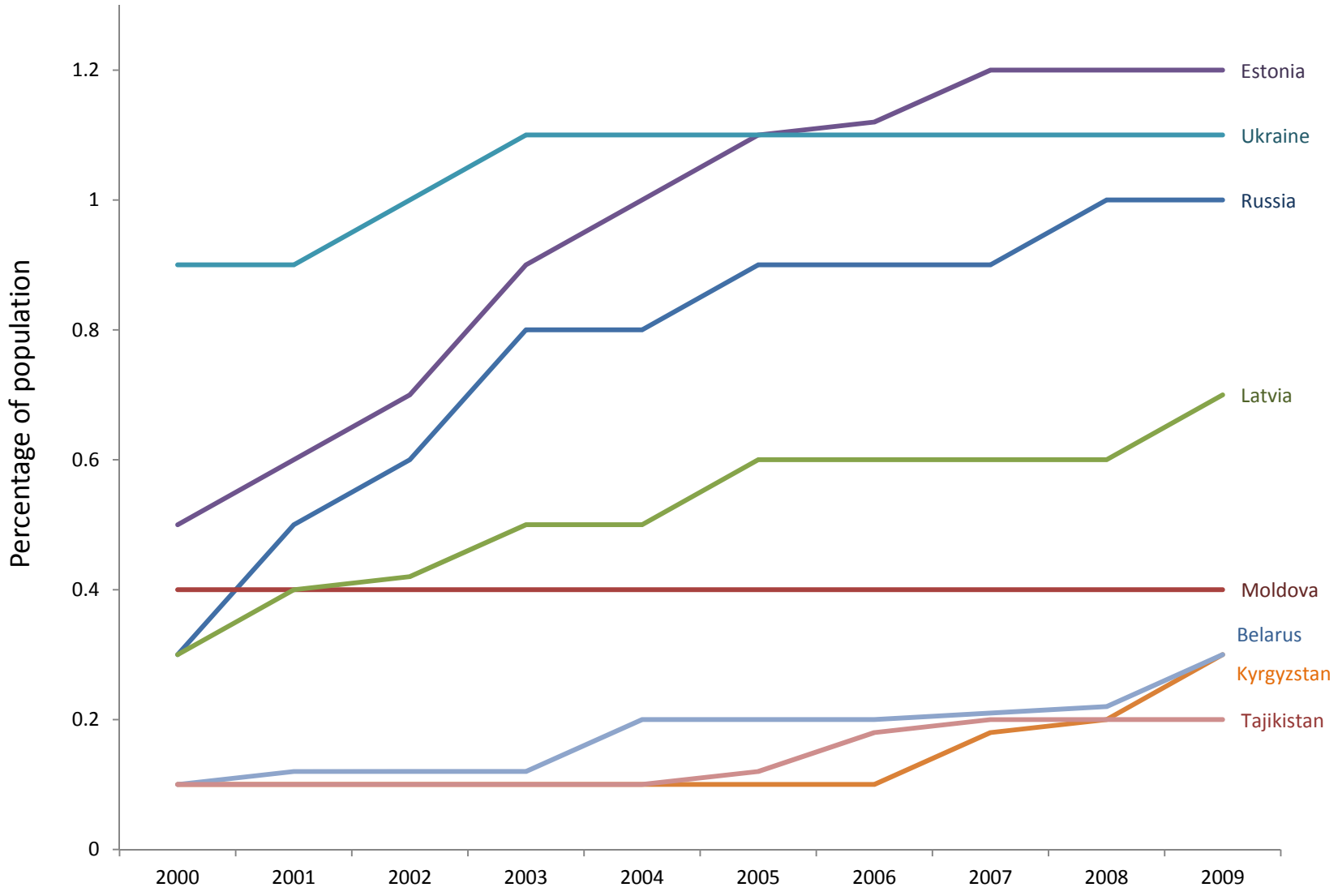
Tuberculosis Incidence



World Health Organization, *European Health For All Database,* 2010.

Figure 41

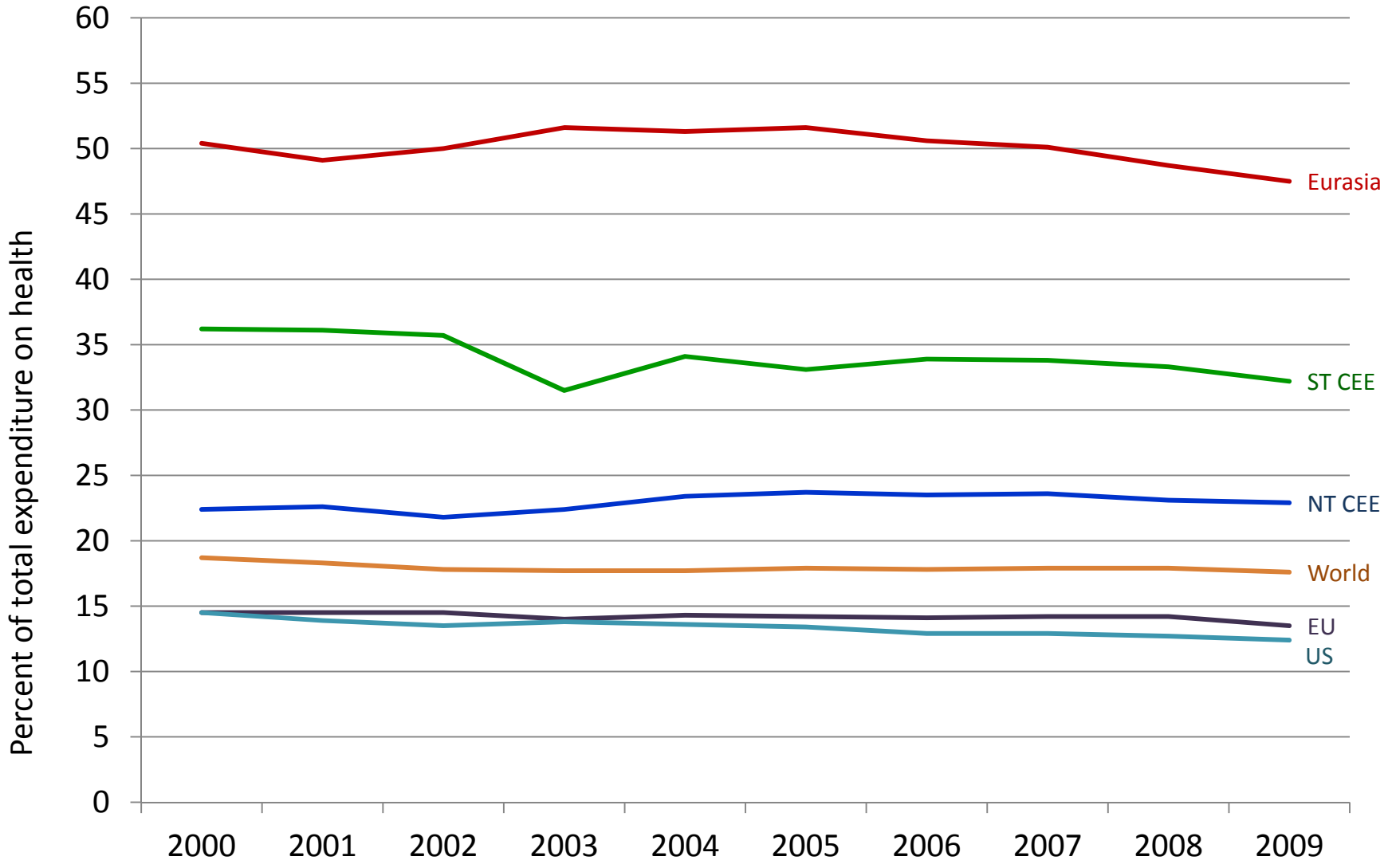
Adult HIV Prevalence Rates, 2000-2009



UNAIDS Global Report, 2010; AIDSInfo dataset.

Figure 42

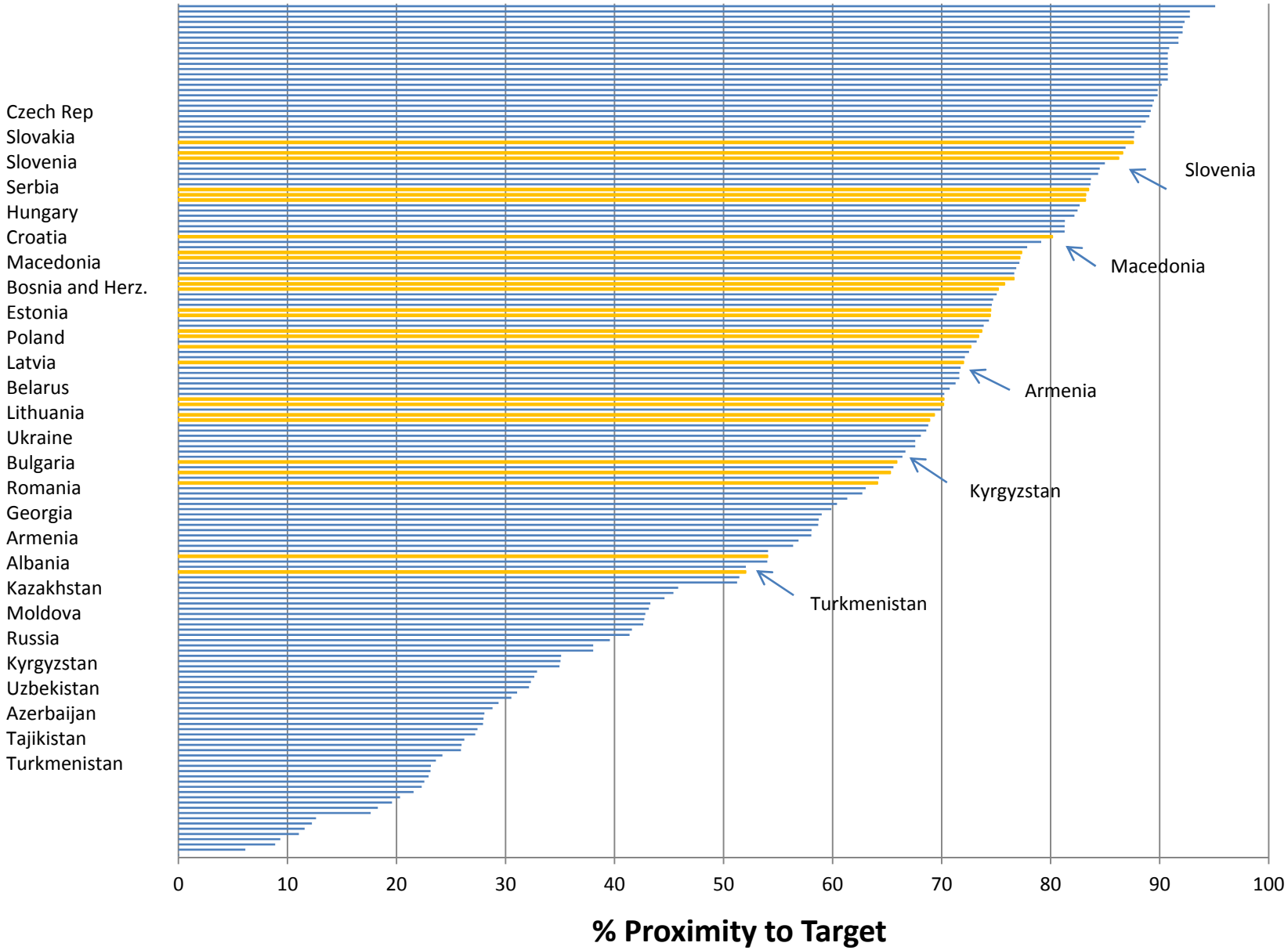
Out of Pocket Health Expenditures



World Bank, *World Development Indicators* , 2011.

Figure 43

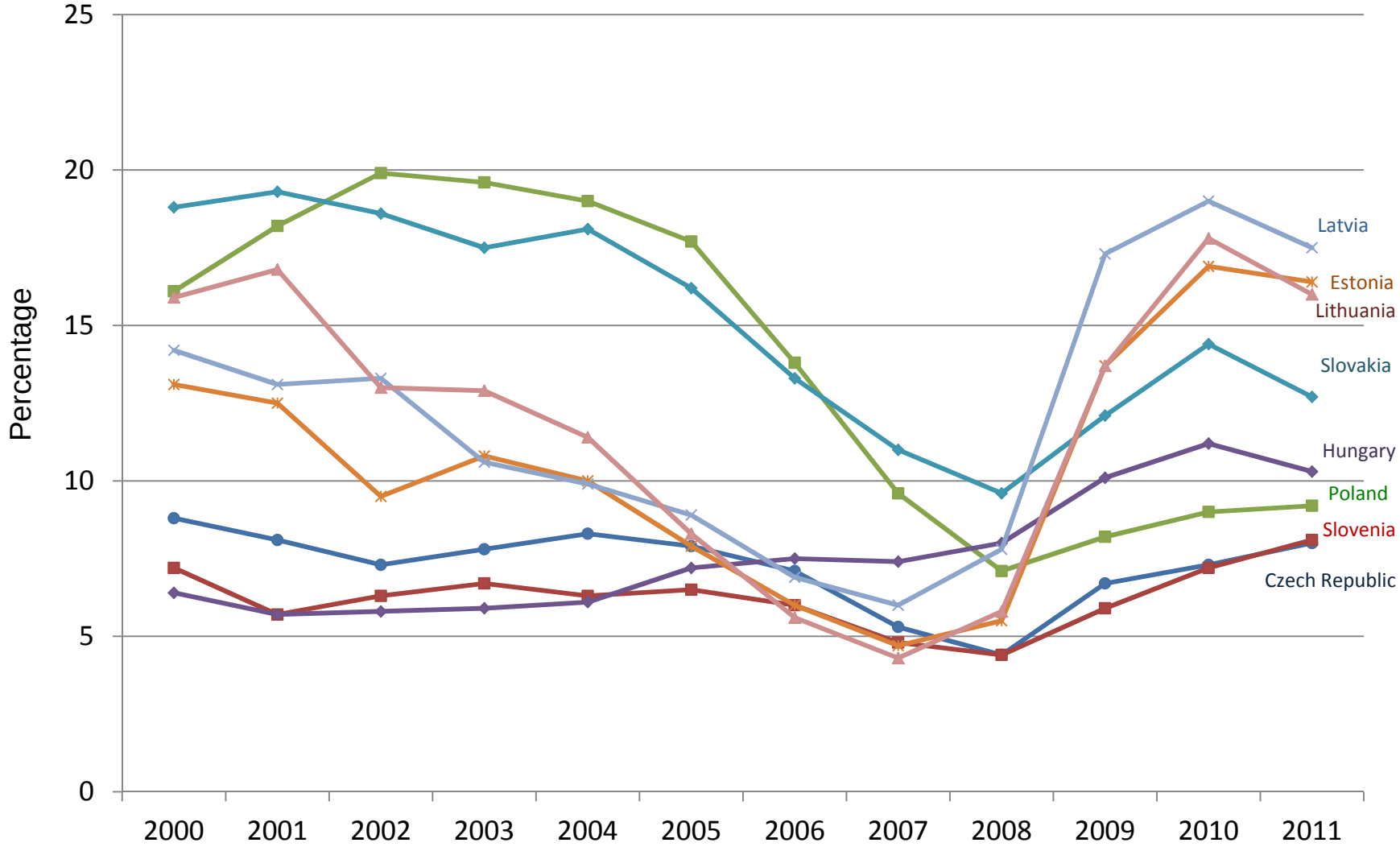
Environmental Health



Yale Center for Environmental Law & Policy and Center for International Earth Science Information Network, Columbia University, *2010 Environmental Performance Index* (2011).

Figure 44

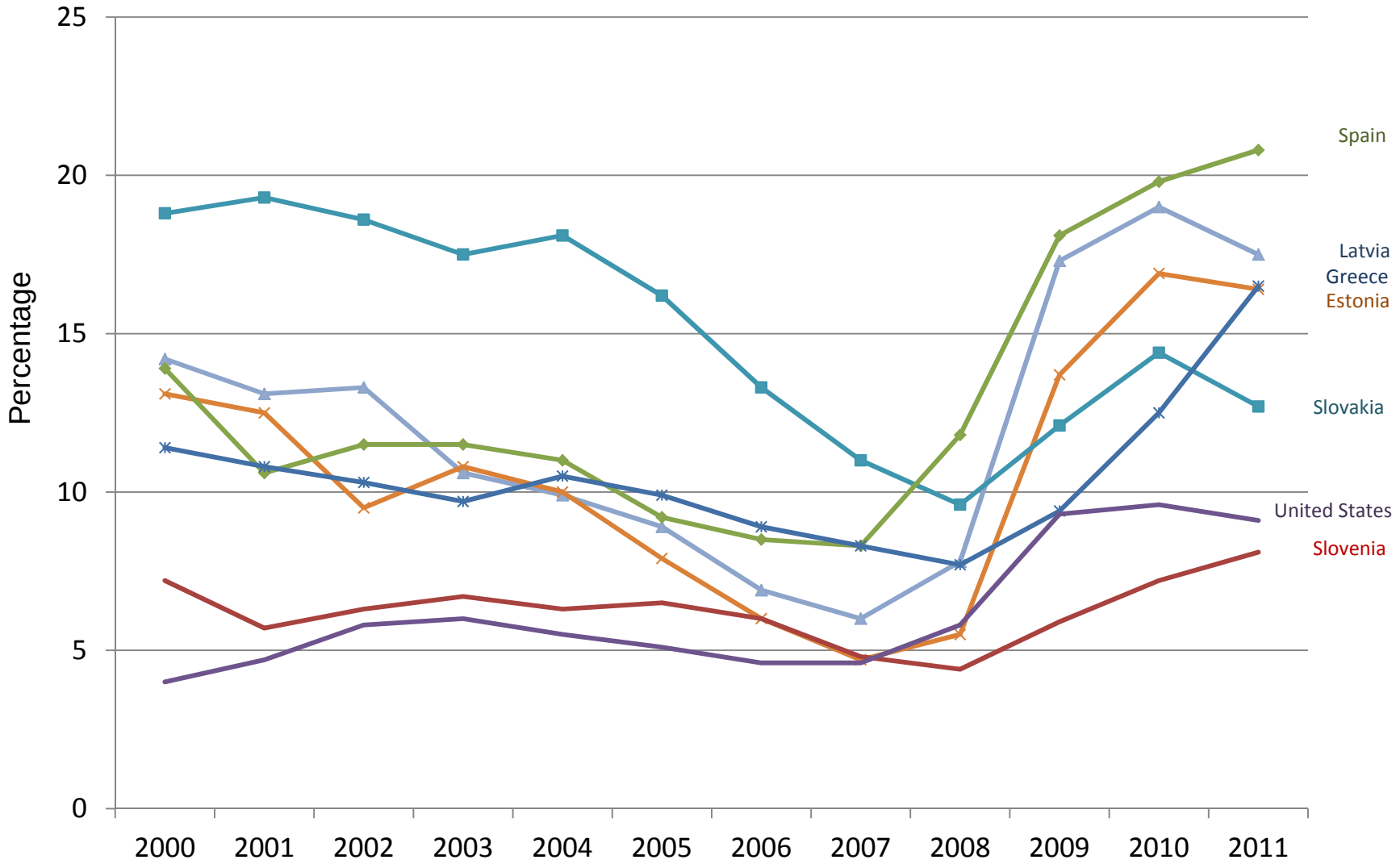
Unemployment Rates in Northern Tier CEE



World Bank, *World Development Indicators*, 2011. Estimates for 2011 from IMF World Economic Outlook Database (September 2011).

Figure 45

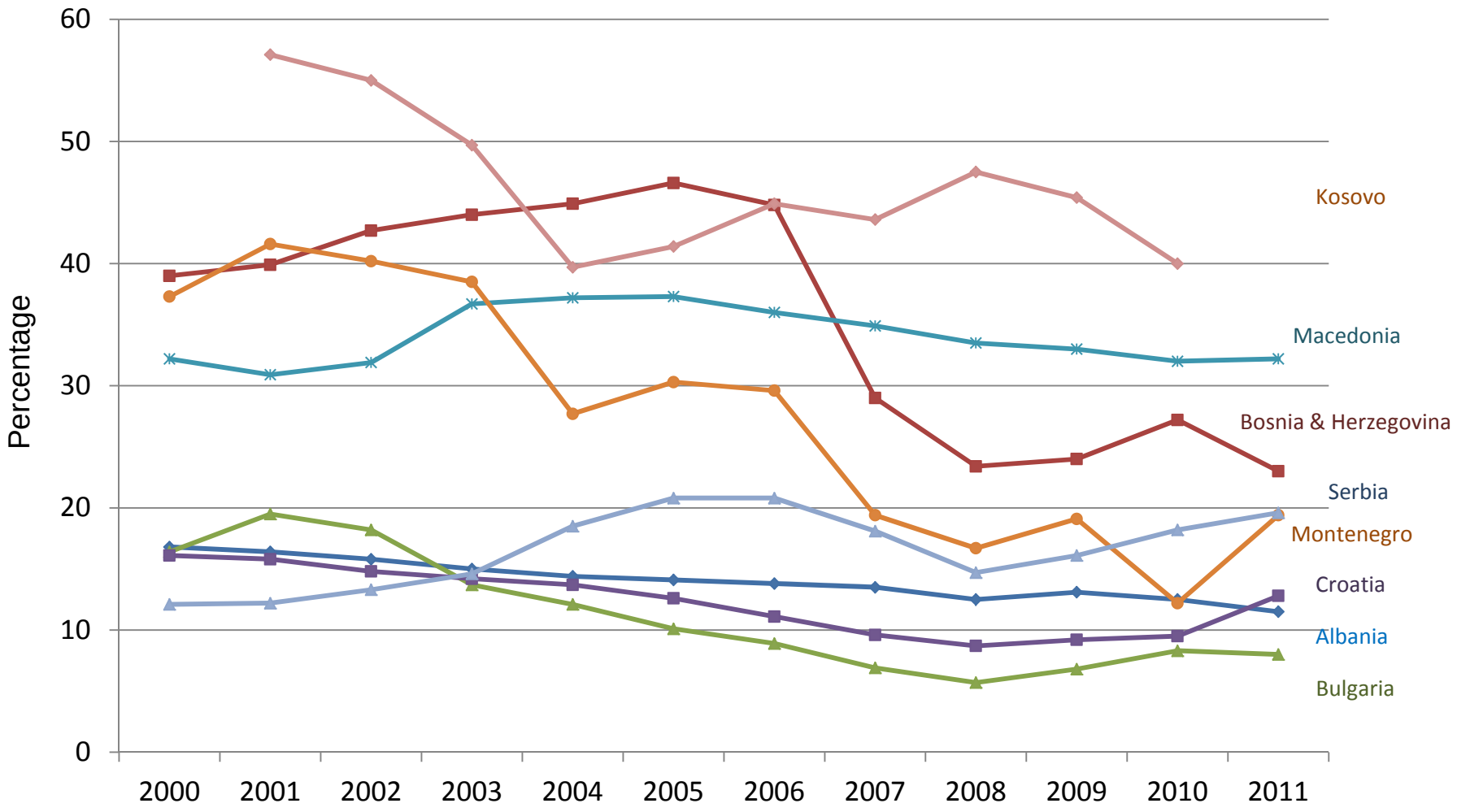
Unemployment Rate Regional Comparison



IMF World Economic Outlook Database (September 2011).

Figure 46

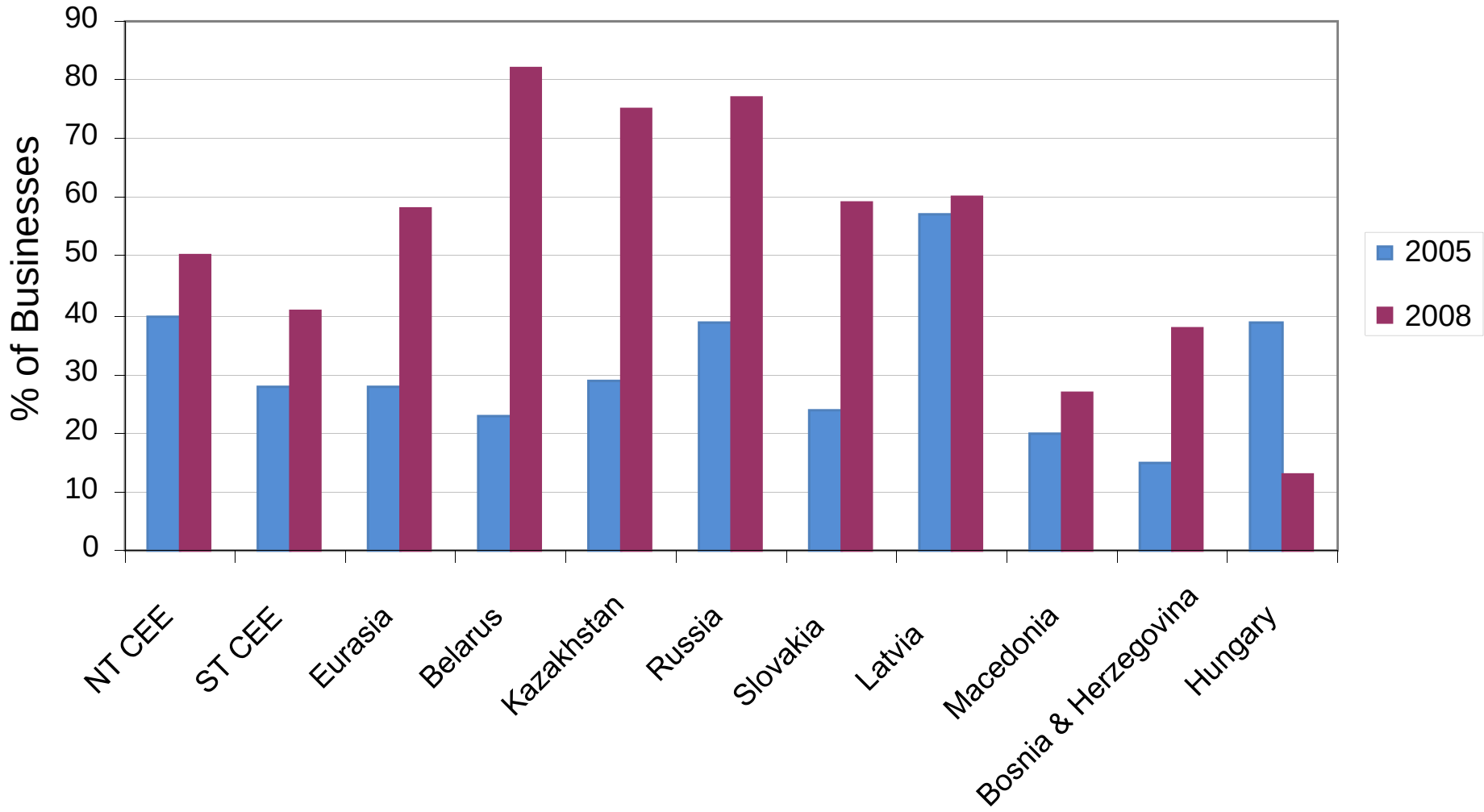
Unemployment Rates in Southern Tier CEE



Sources: UNECE Statistical Database; IMF World Economic Outlook Database (June 2011); EBRD *Transition Report 2010*. Data on Kosovo from European Commission, *Kosovo 2010 Progress Report*, Brussels, 9 November 2010. Estimates for 2011 from IMF World Economic Outlook Database (June 2011).

Figure 47

Skills and Education of the Workforce as a Business Constraint

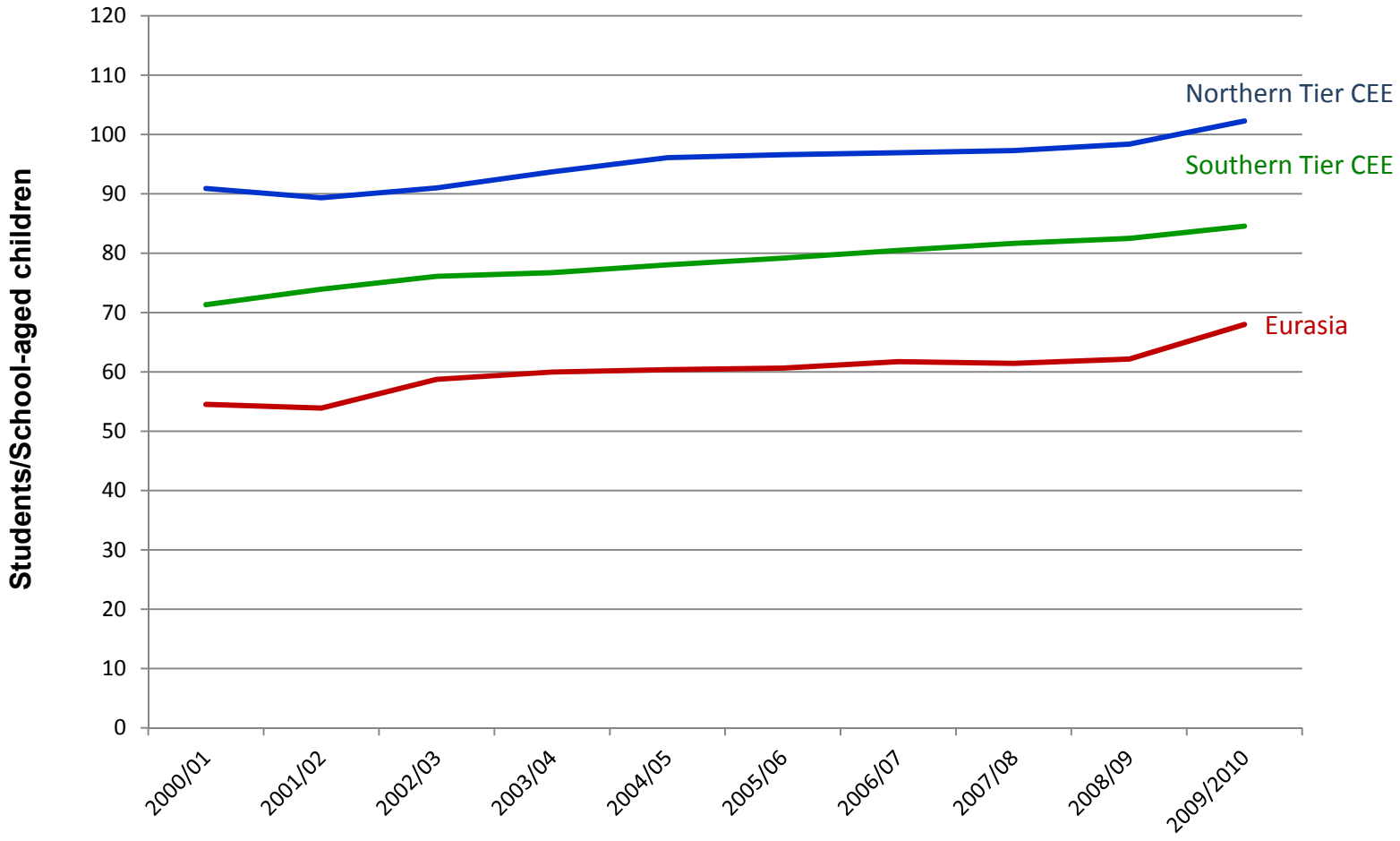


World Bank and EBRD, *Business Environment and Enterprise Performance Survey* (2009).

Figure 48

Education Overview

Upper Secondary Education Gross Enrollment Ratio

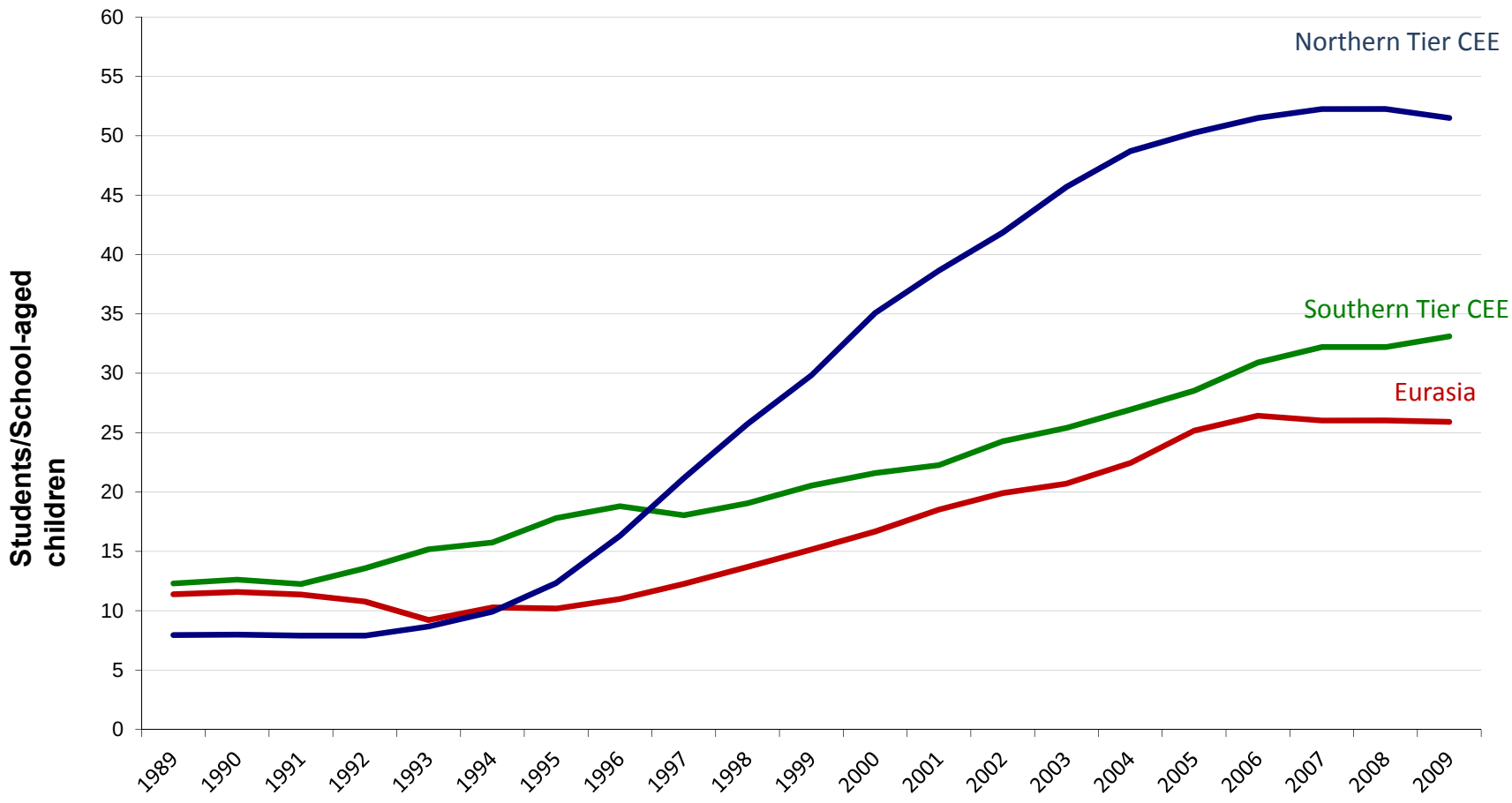


Upper secondary education includes ISCED 3, which is the final stage of secondary education. It begins at age 15-16 and lasts three to five years. UNICEF, *TransMONEE Database* (May 2011 and earlier editions).

Figure 49

Education Overview

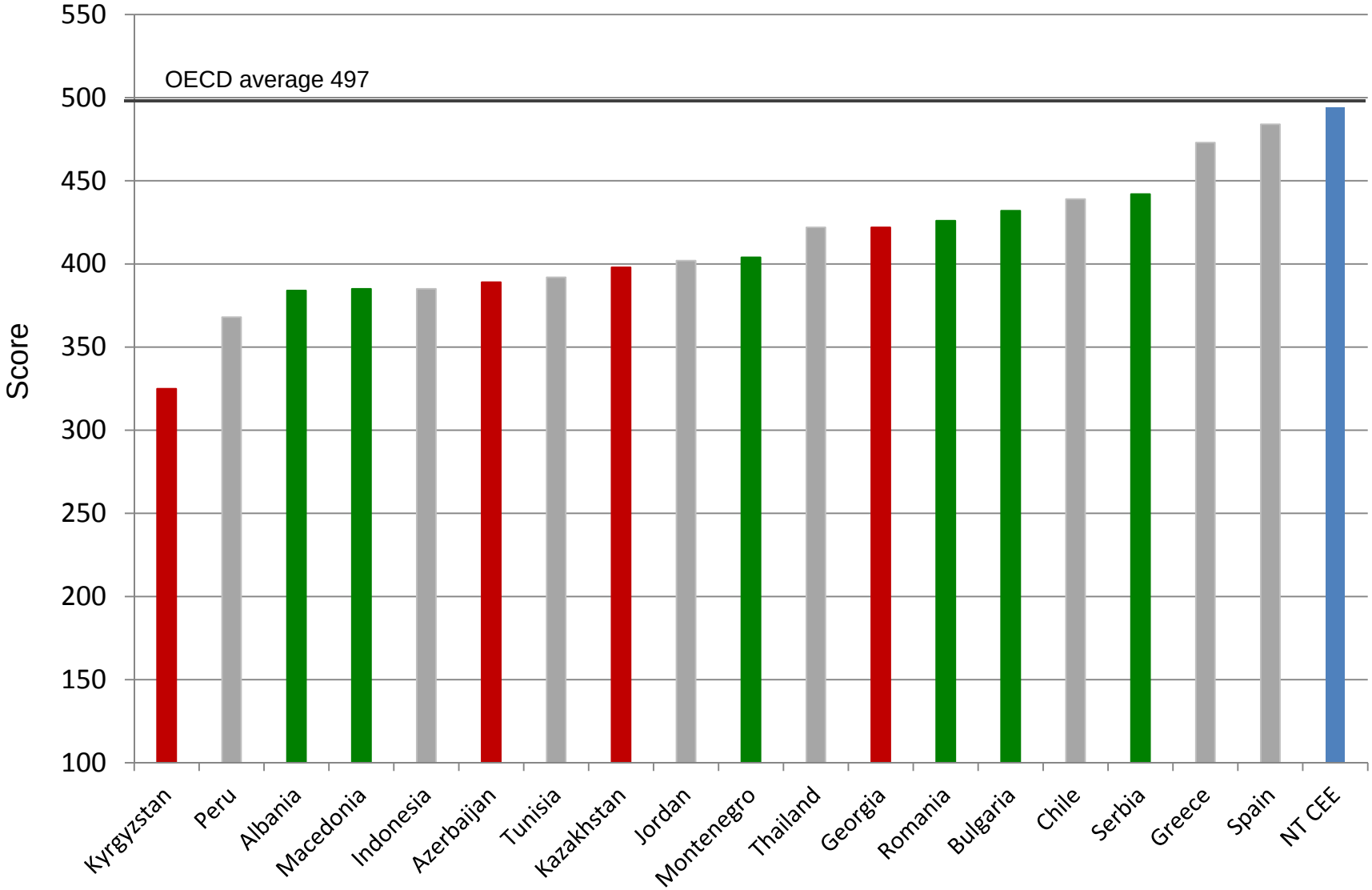
Tertiary Gross Enrollment Ratio



Calculated from UNICEF, *TransMONEE Database* (2011 and earlier editions).

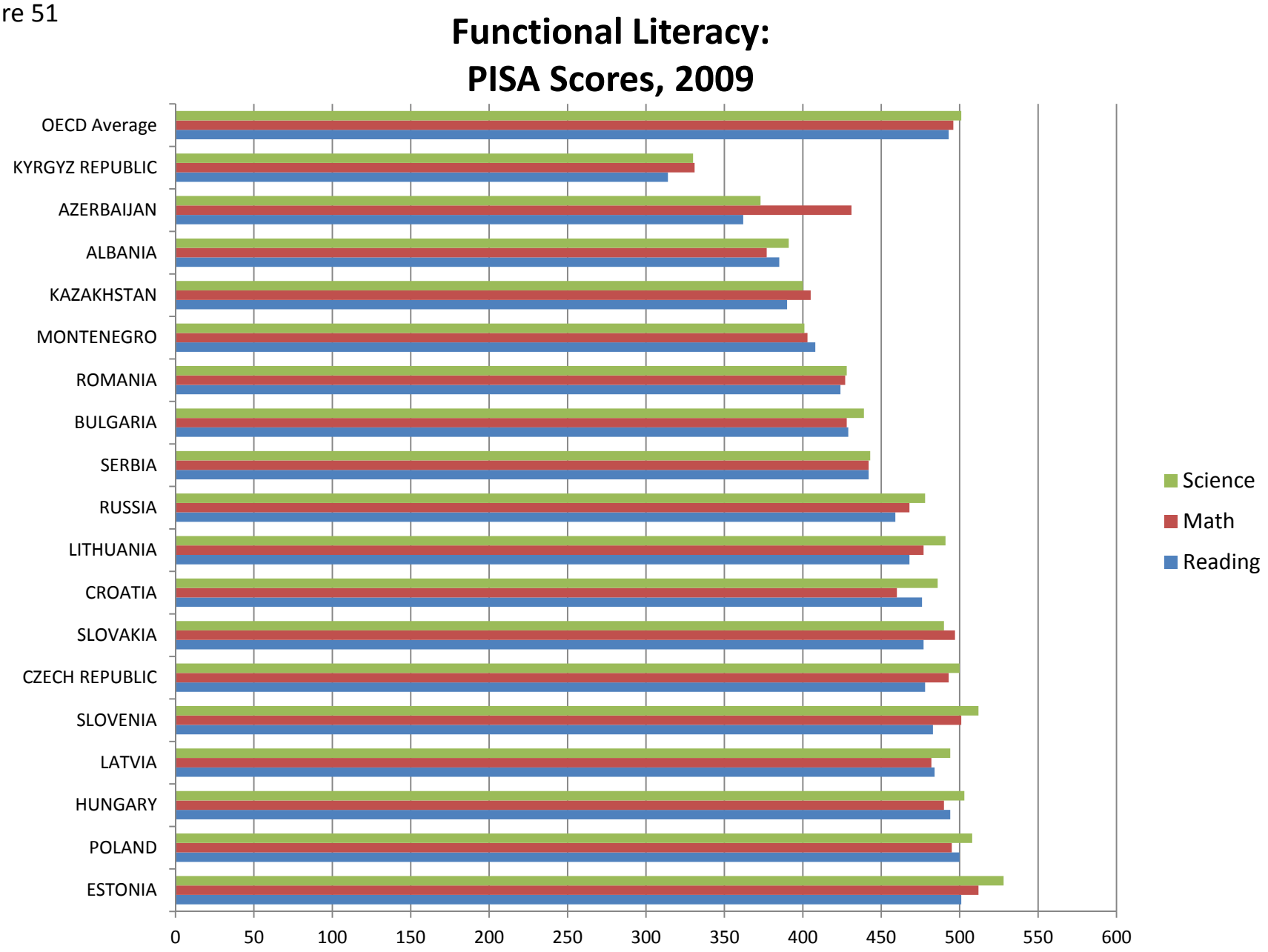
Figure 50

Functional Literacy in 2009



OECD Programme for International Student Assessment (2010). Macedonia's score is for 2006.

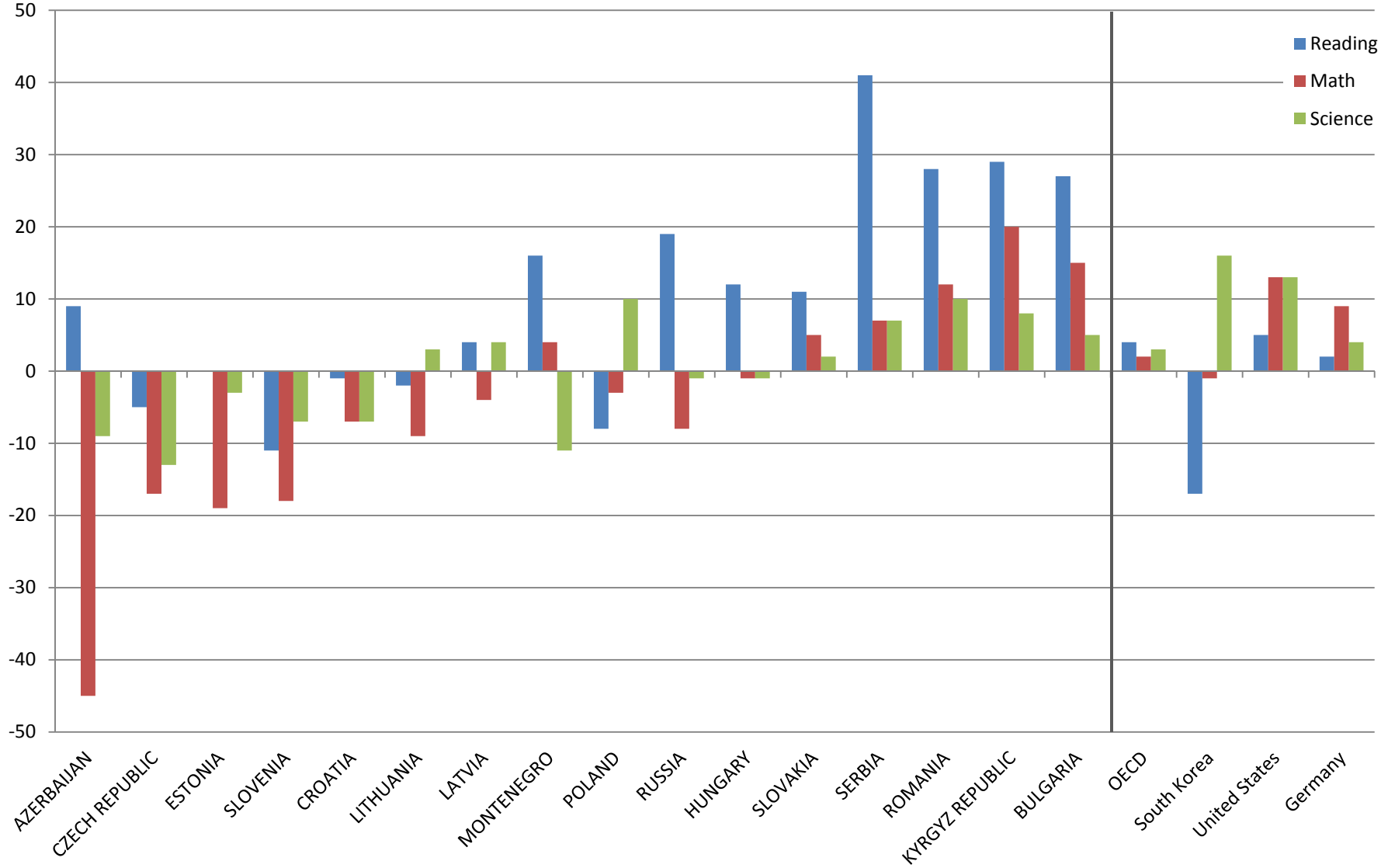
Figure 51



OECD, Programme for International Student Assessment (2010).

Figure 52

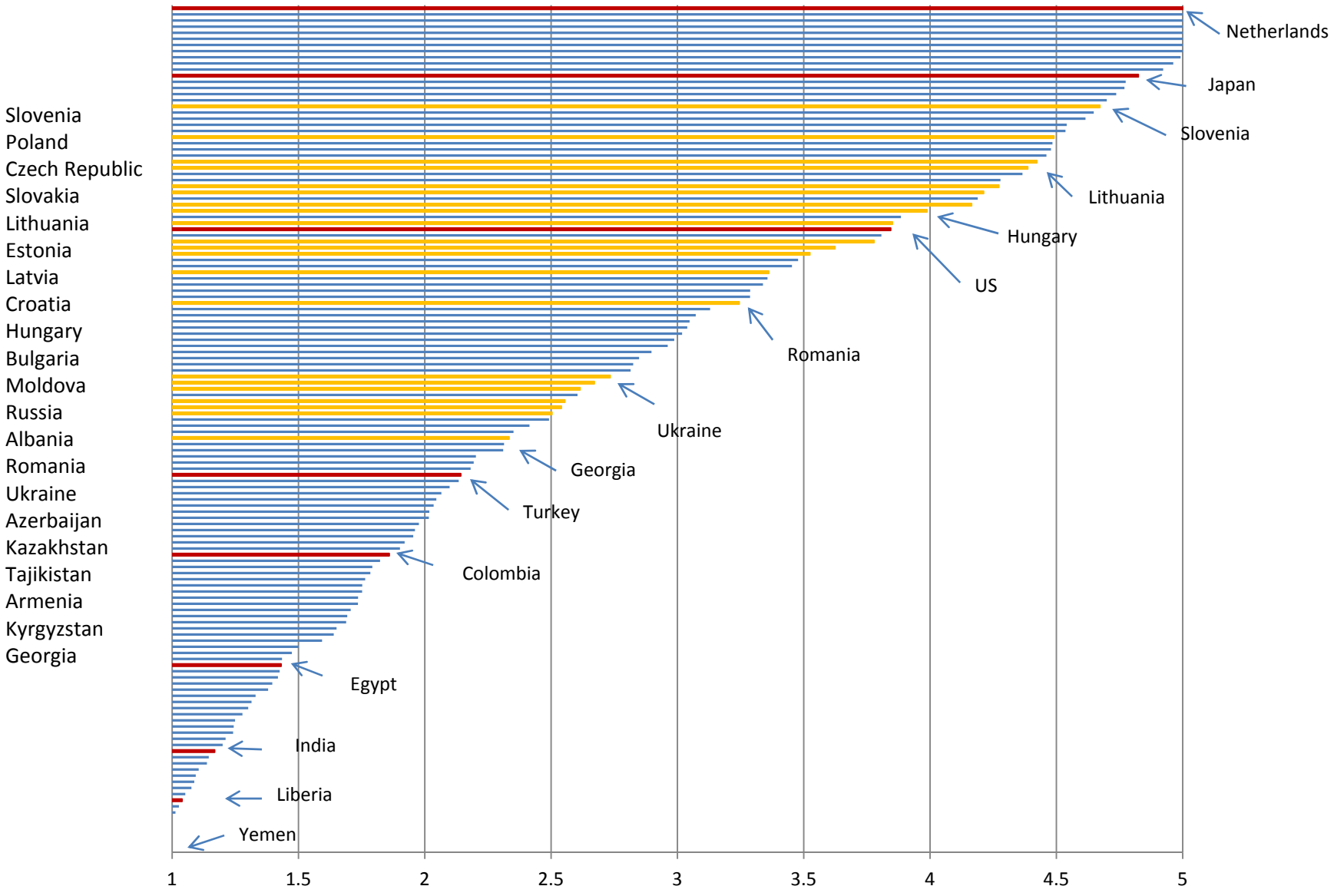
Functional Literacy: Changes in PISA Scores, 2006 to 2009



OECD, *Programme for International Student Assessment* (2010 and 2007). Earlier period reading scores for the U.S. are 2003.

Figure 53

Global Gender Inequality Index



Source: UNDP, *Human Development Report*, 2010.

Figure 54

Economic Performance and Human Capital, 2008-2010

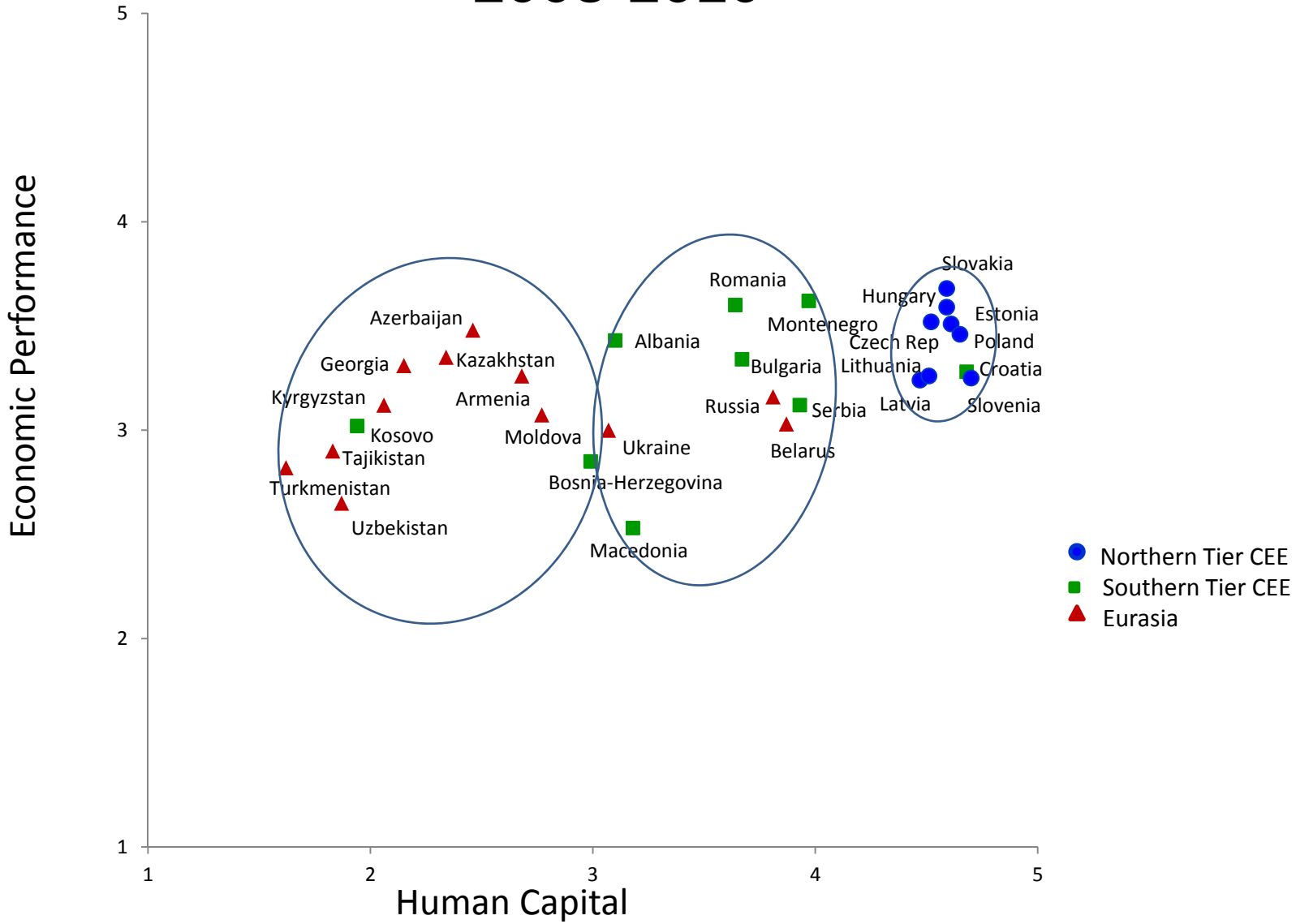
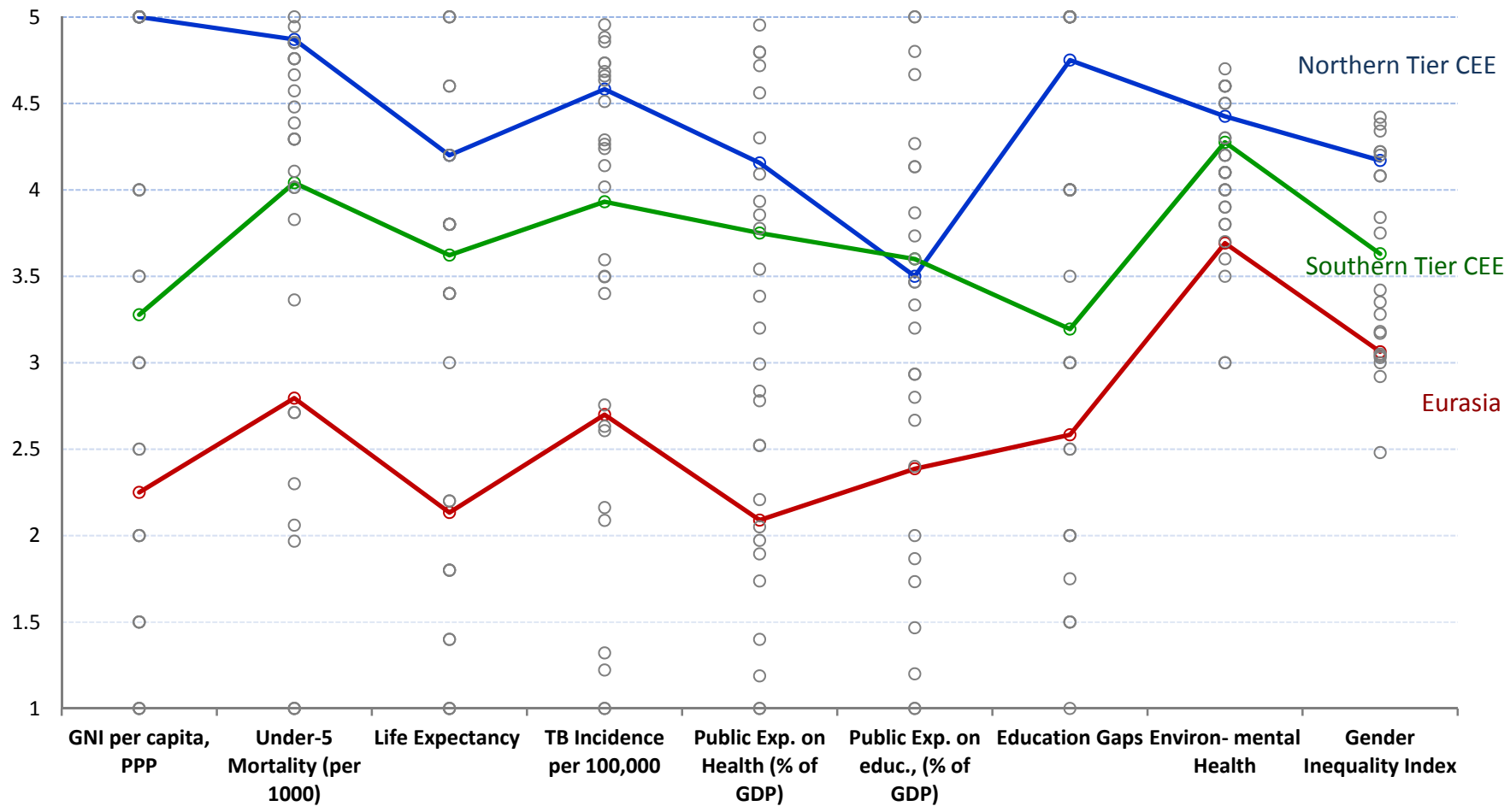


Figure 55

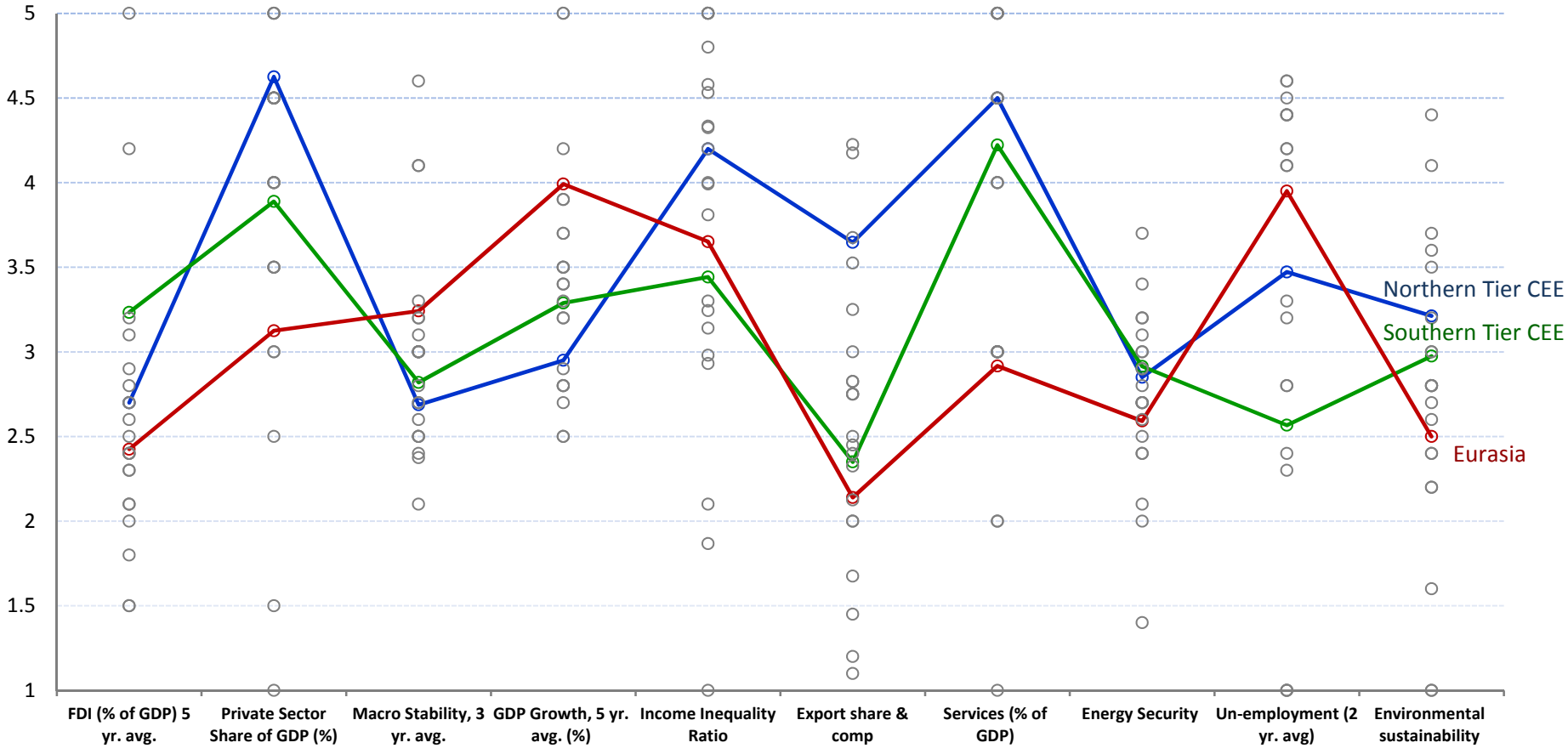
Human Capital Profiles: Regional Comparisons



See *Appendix* for data sources and methodology. Scores calibrated on MCP 1 to 5 scale, with 5 representing the most advanced.

Figure 56

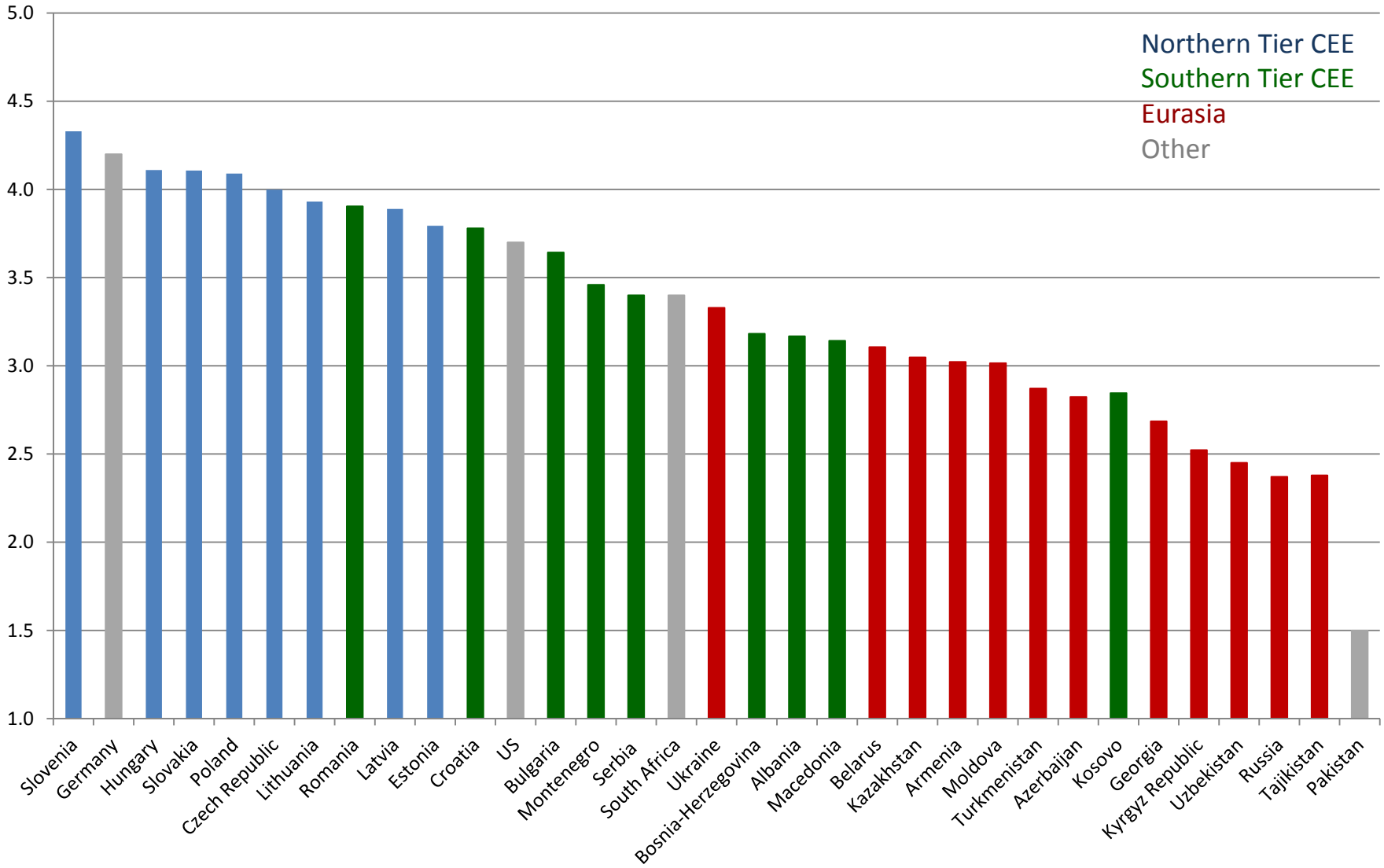
Economic Performance Profiles: Regional Comparisons



See Appendix for data sources. Scores calibrated on MCP 1 to 5 scale, with 5 representing the most advanced.

Figure 57

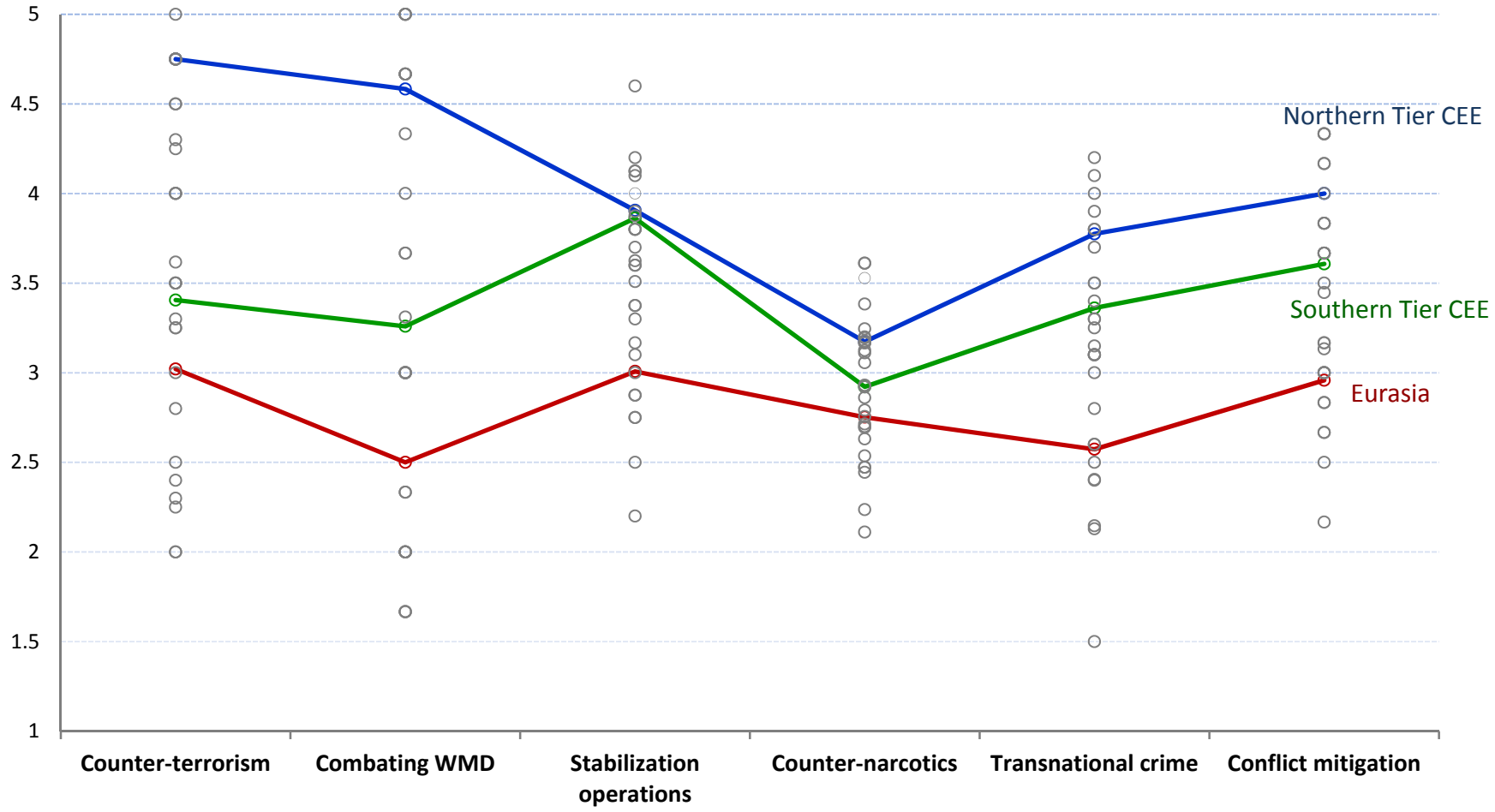
Peace and Security in Europe and Eurasia, 2009/2010



See *Appendix* for elaboration of the methodology. Scores calibrated on MCP 1 to 5 scale, with 5 representing the most advanced.

Figure 58

Peace and Security Profiles: Regional Comparisons



See *Appendix* for elaboration of the methodology. Scores calibrated on MCP 1 to 5 scale, with 5 representing the most advanced.

Figure 59

Peace and Security versus Governing Justly and Democratically

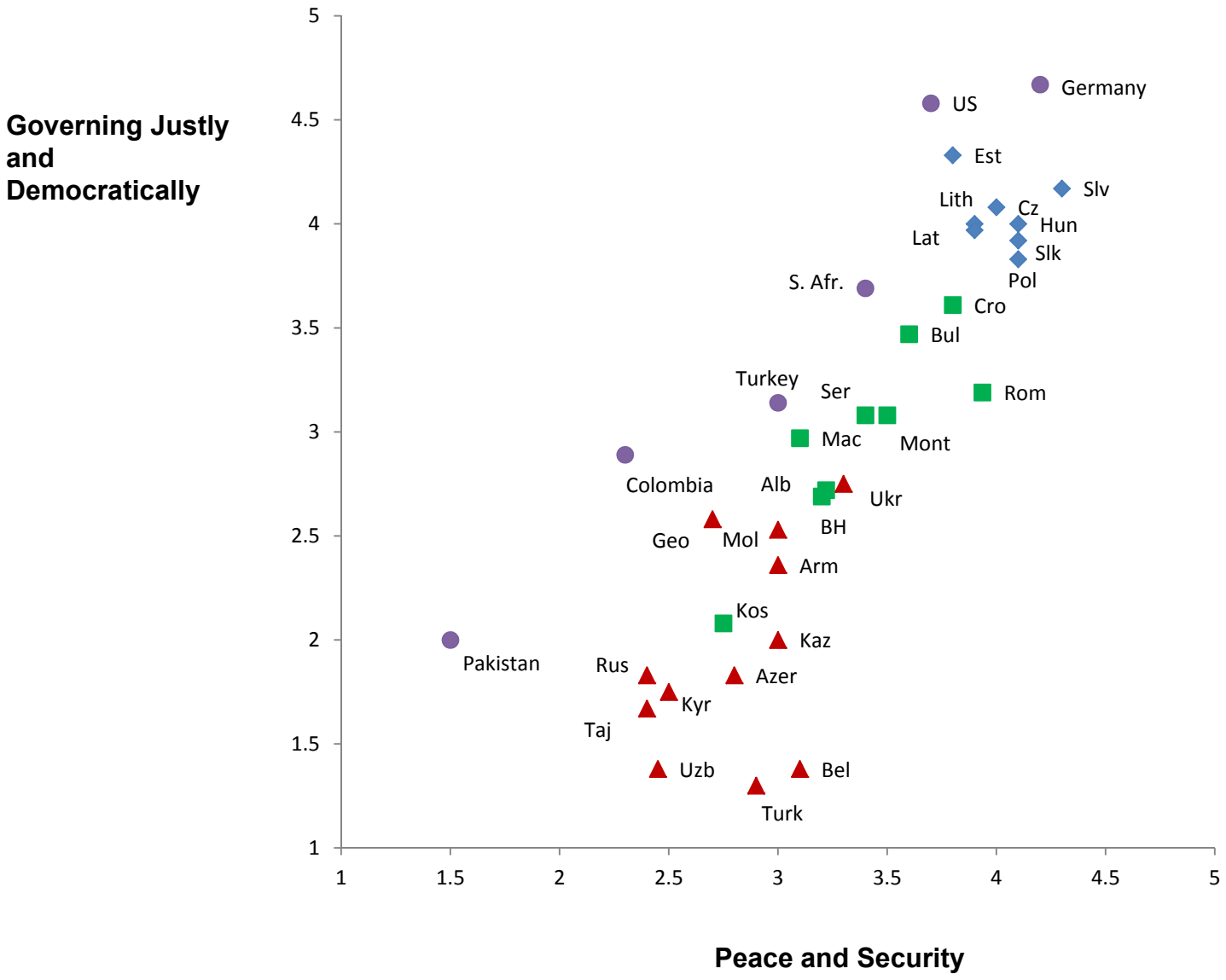
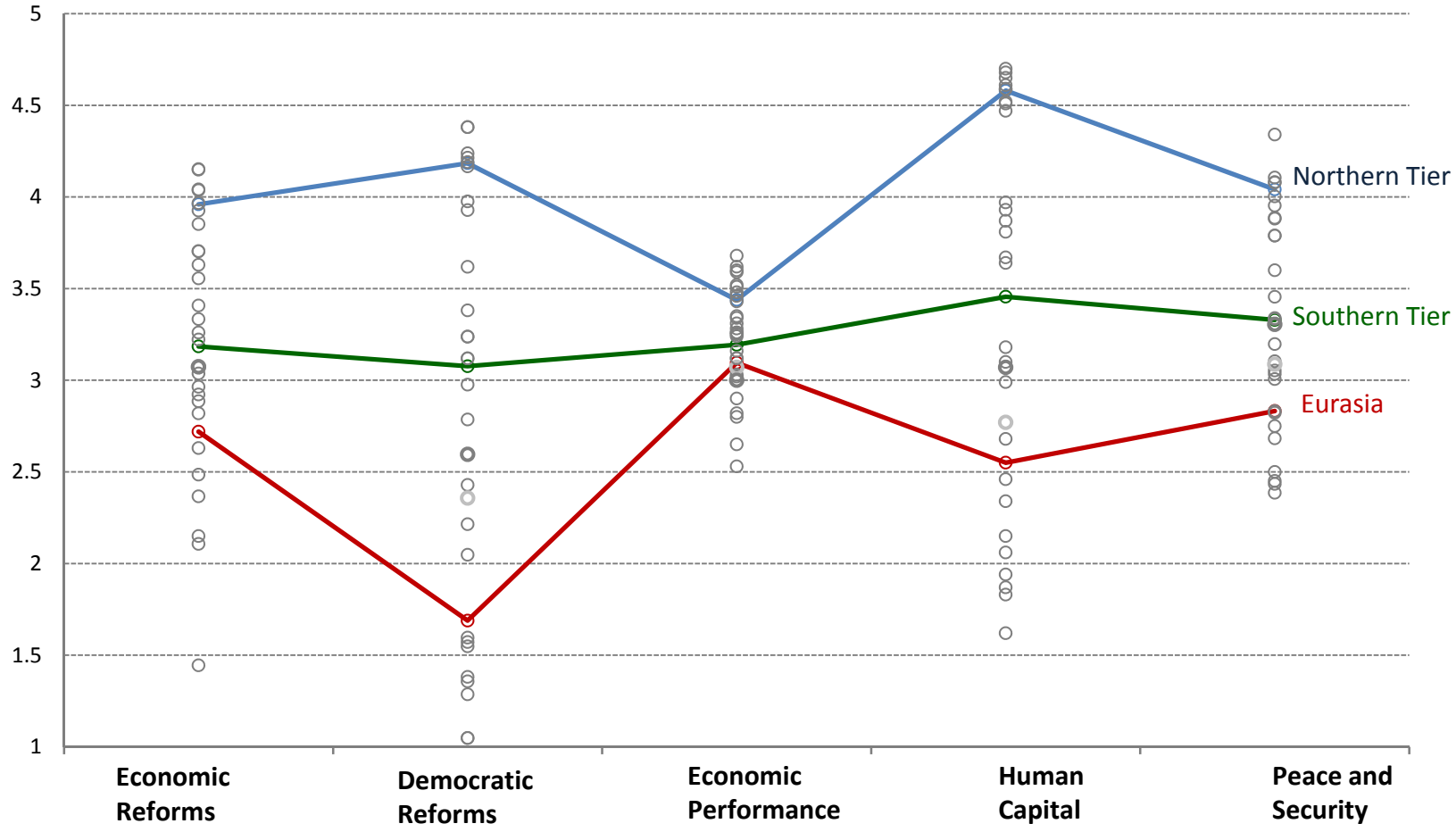


Figure 60

Development Profile
Regional Comparison of Five MCP Indices



See Appendix for data sources and methodology. Ratings are based on a 1 to 5 scale, with 5 representing the most advanced.