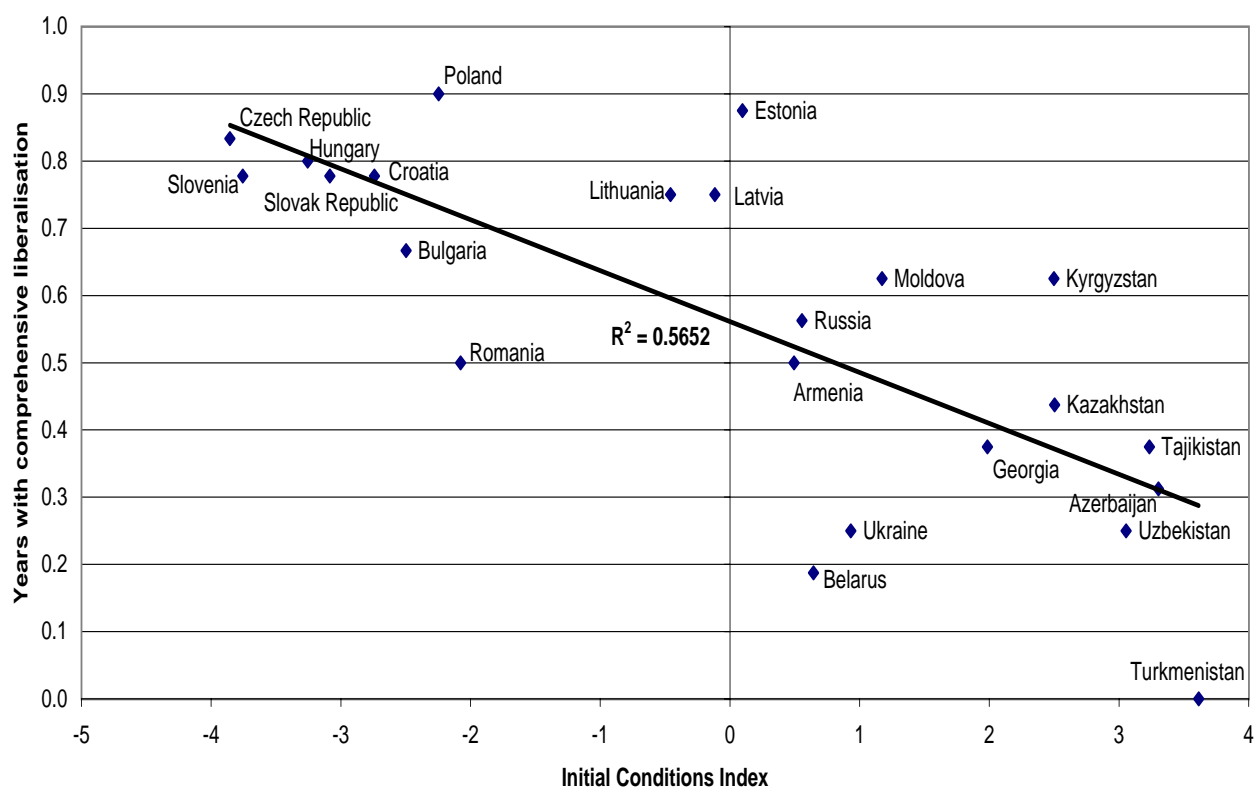


Figure 1: Sustained Liberalisation and Initial Conditions

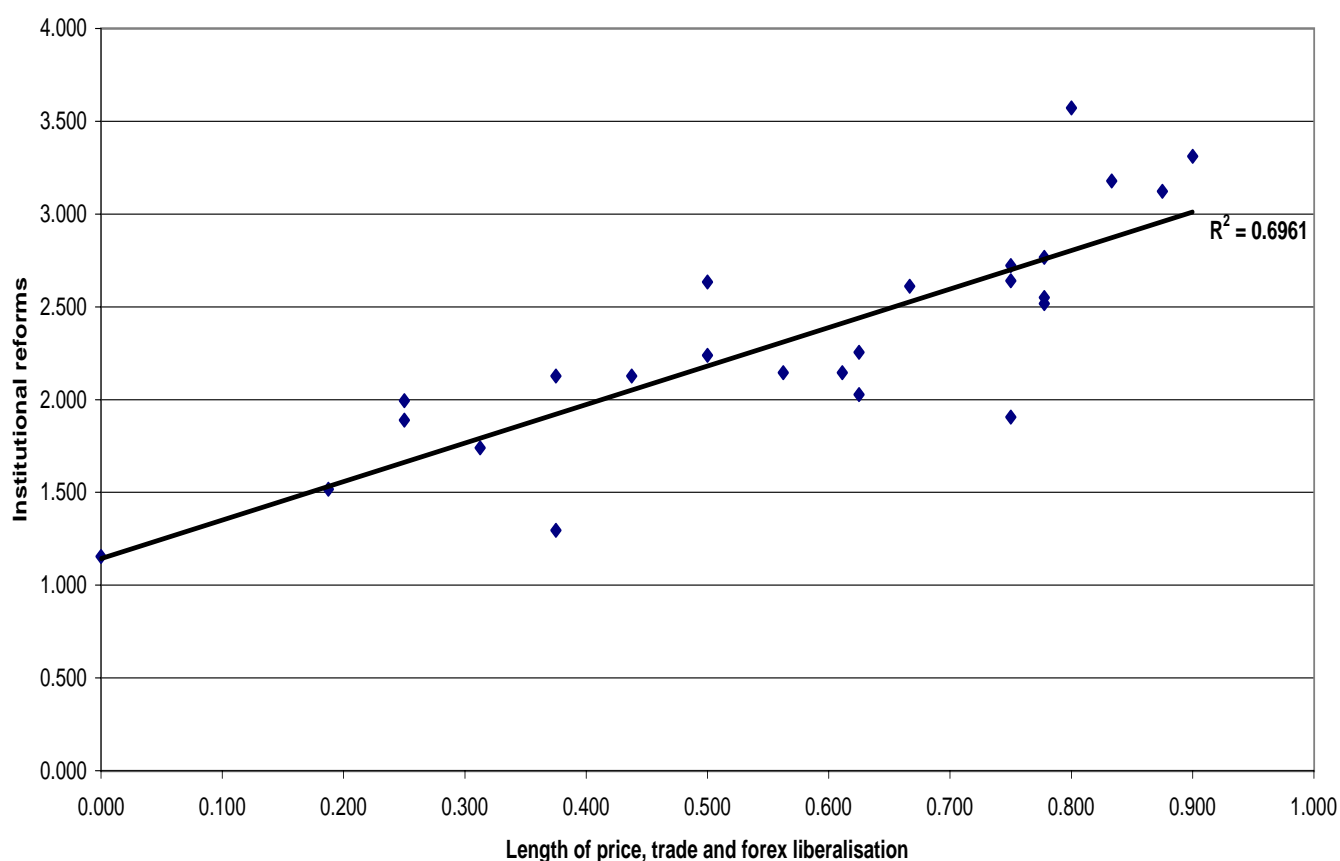


*Note:*

Years with comprehensive liberalisation is defined as the average of the number of years in which a country had achieved at least a 3-on price liberalisation and a 4-on foreign trade liberalisation, implying comprehensive liberalisation on both counts. The number of years have been adjusted for the length of transition in each country. The index of initial conditions is derived from factor analysis, and represents a weighted average of measures for the level of development, trade dependence on CMEA, macroeconomic disequilibria, distance to the EU, natural resource endowments, market memory and state capacity. See Box 2.1 for details.

*Source:* EBRD staff calculations.

Figure 2: Institutional Reforms and Length of Liberalisation



*Note:*

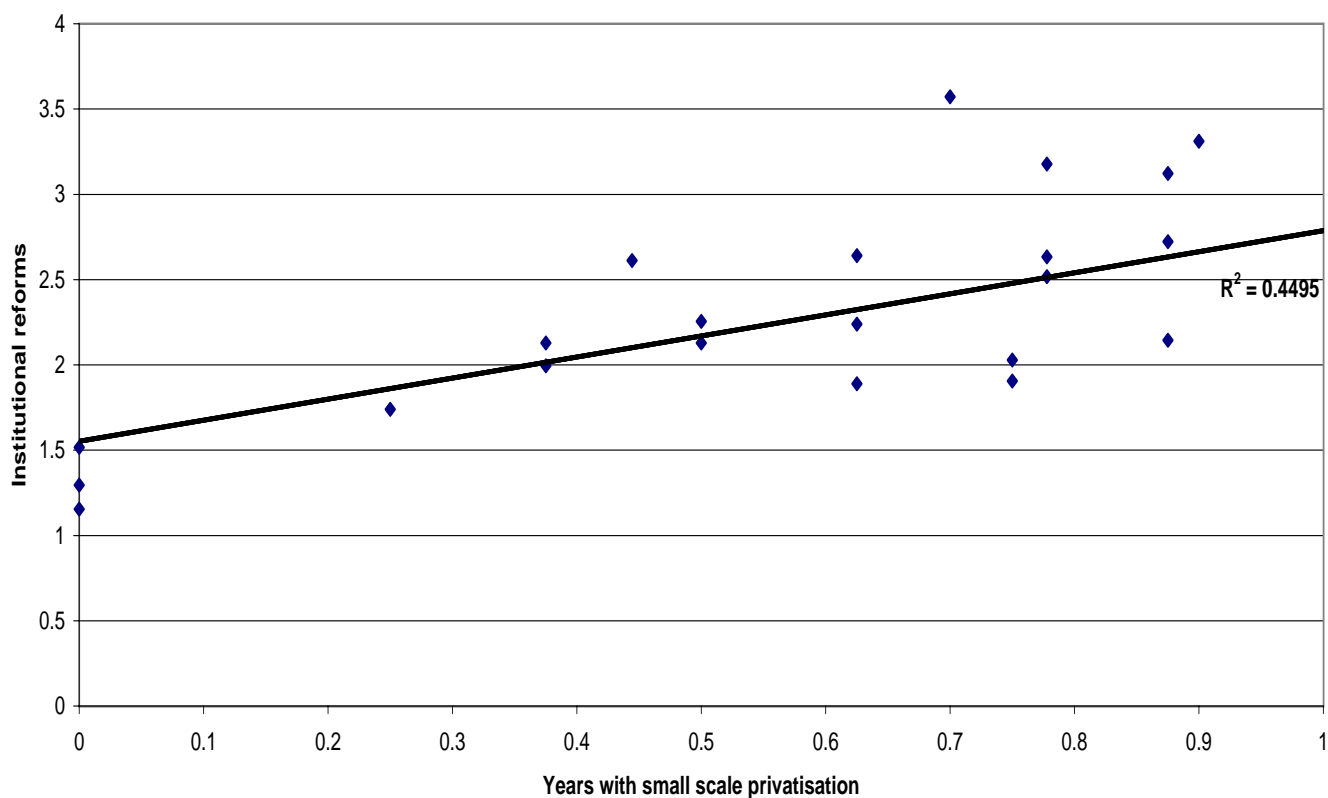
Institutional reforms is the average of the transition indicators for the following categories in 1999:

- competition policy;
- enterprise reform and corporate governance;
- banking sector reform;
- securities markets;
- overall legal extensiveness and effectiveness;
- infrastructure (average of telecommunications, railways and electric power).

The length of liberalisation is defined as the average of the number of years in which a country had achieved at least a score of 3- on price liberalisation and of 4- on foreign trade and exchange liberalisation, implying comprehensive liberalisation on both counts. The number of years have been adjusted for the length of transition in each country.

Source: EBRD staff calculations, Table 2.1.

Figure 3: Institutional Reforms and Small Scale Privatisation



*Note:*

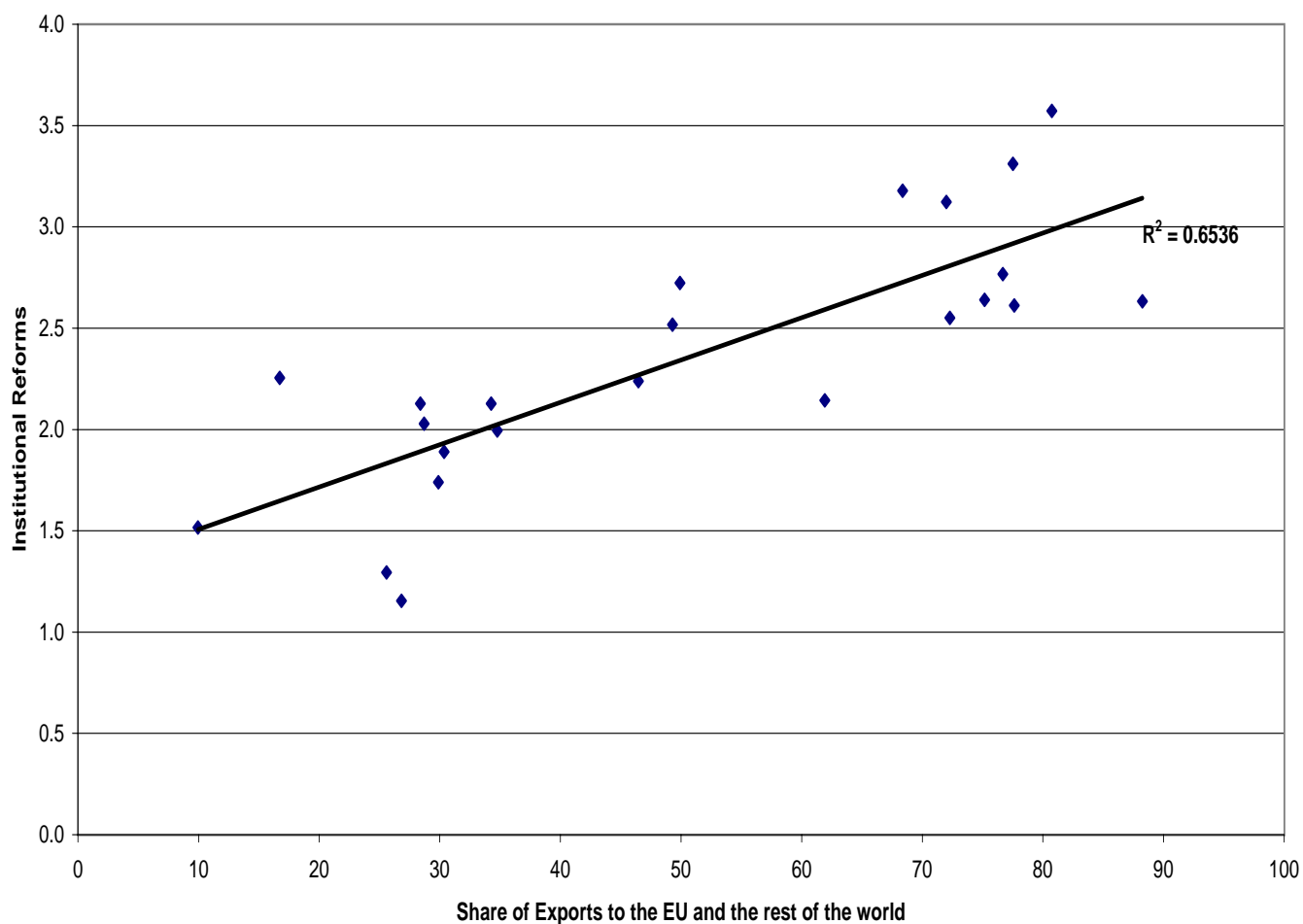
Institutional reforms is the average of the transition indicators for the following categories in 1999:

- competition policy;
- enterprise reform and corporate governance;
- banking sector reform;
- securities markets;
- overall legal extensiveness and effectiveness;
- infrastructure (average of telecommunications, railways and electric power).

Small scale privatisation is defined as the number of years in which a country achieved at least a 3- on small scale privatisation, implying almost complete privatisation (see Table 2.1). It is normalised by the number of years since the start of transition.

Source: EBRD staff calculations.

Figure 4: Institutional Reforms and Exports to the West



*Note:*

Institutional reforms is the average of the transition indicators for the following categories in 1999:

- competition policy;
- enterprise reform and corporate governance;
- banking sector reform;
- securities markets;
- overall legal extensiveness and effectiveness;
- infrastructure (average of telecommunications, railways and electric power).

*Source:* EBRD staff calculations.