

Transition Report 2023-24

**Transitions
big and
small**



European Bank
for Reconstruction and Development

Transitions big...

- Move towards a sustainable economy
- Scramble for raw materials critical for the digital and green economies
- Reconfiguration of global trade

... and small

- Career moves
- Evolution of housing
- Changes in life satisfaction, physical and mental health

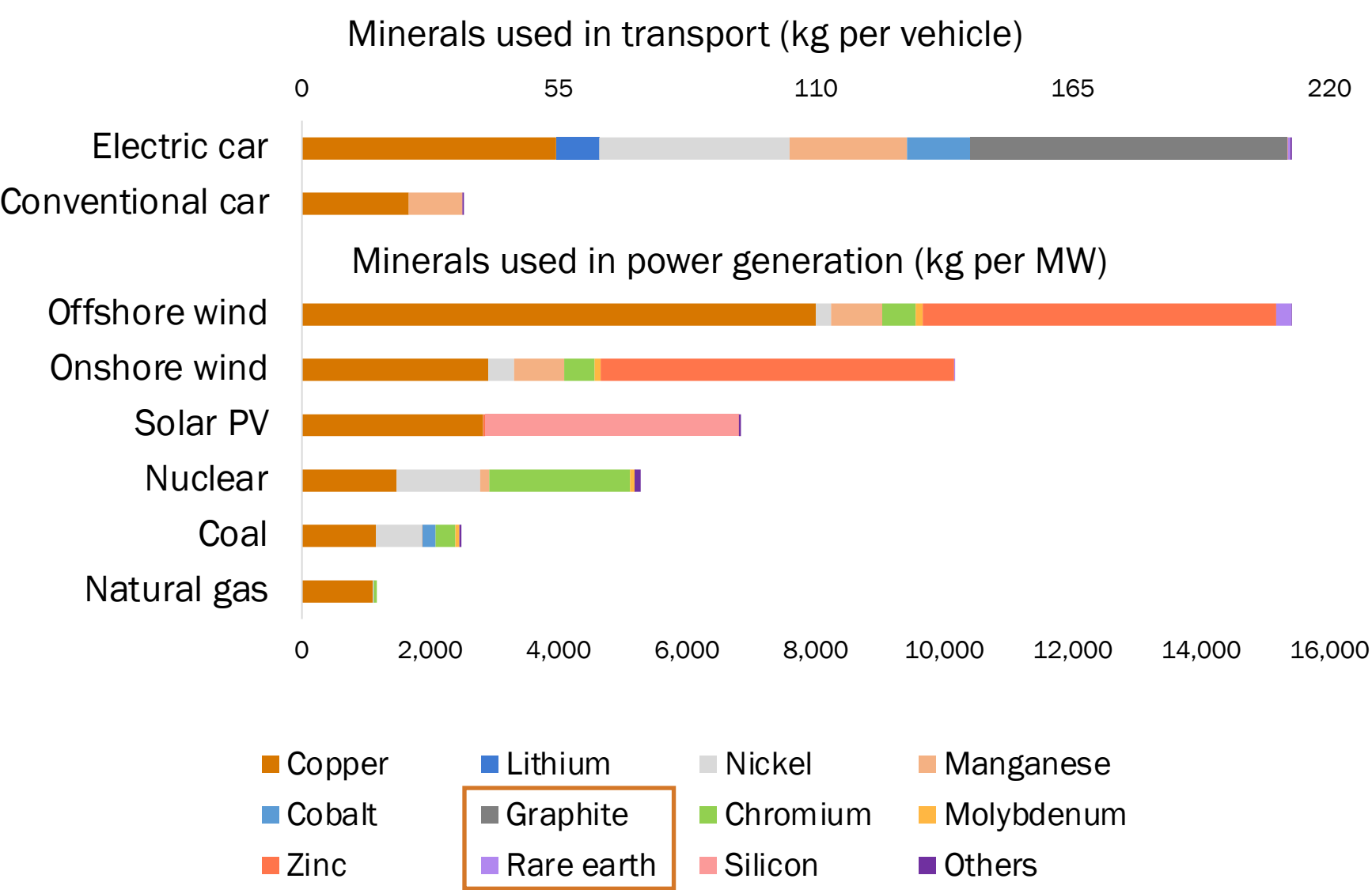
Transition Report 2023-24

Transitions big and small



The green transition and the scramble for critical raw materials

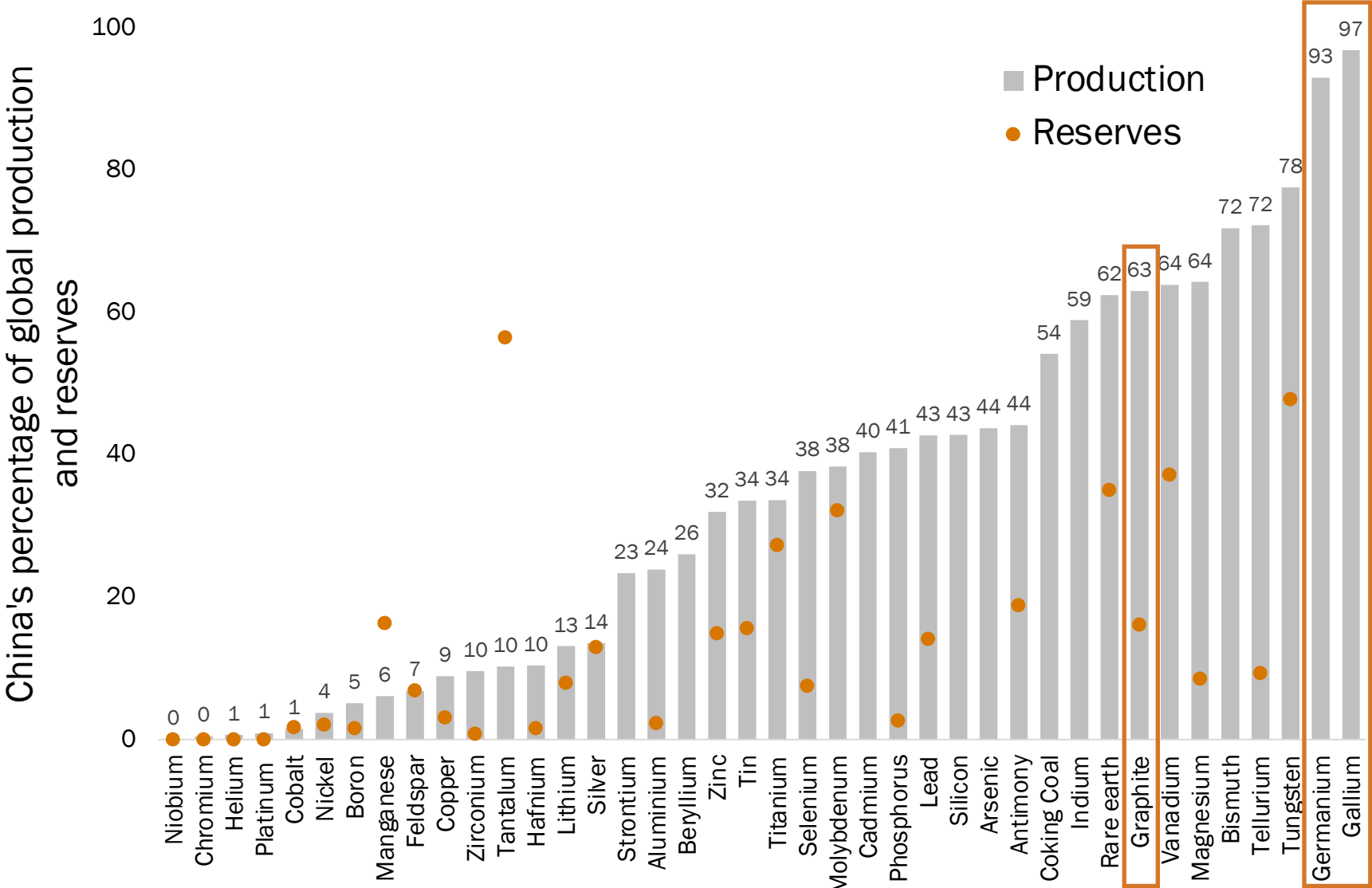
Green and digital technologies rely on many **critical raw materials**



Source: IEA (2022).

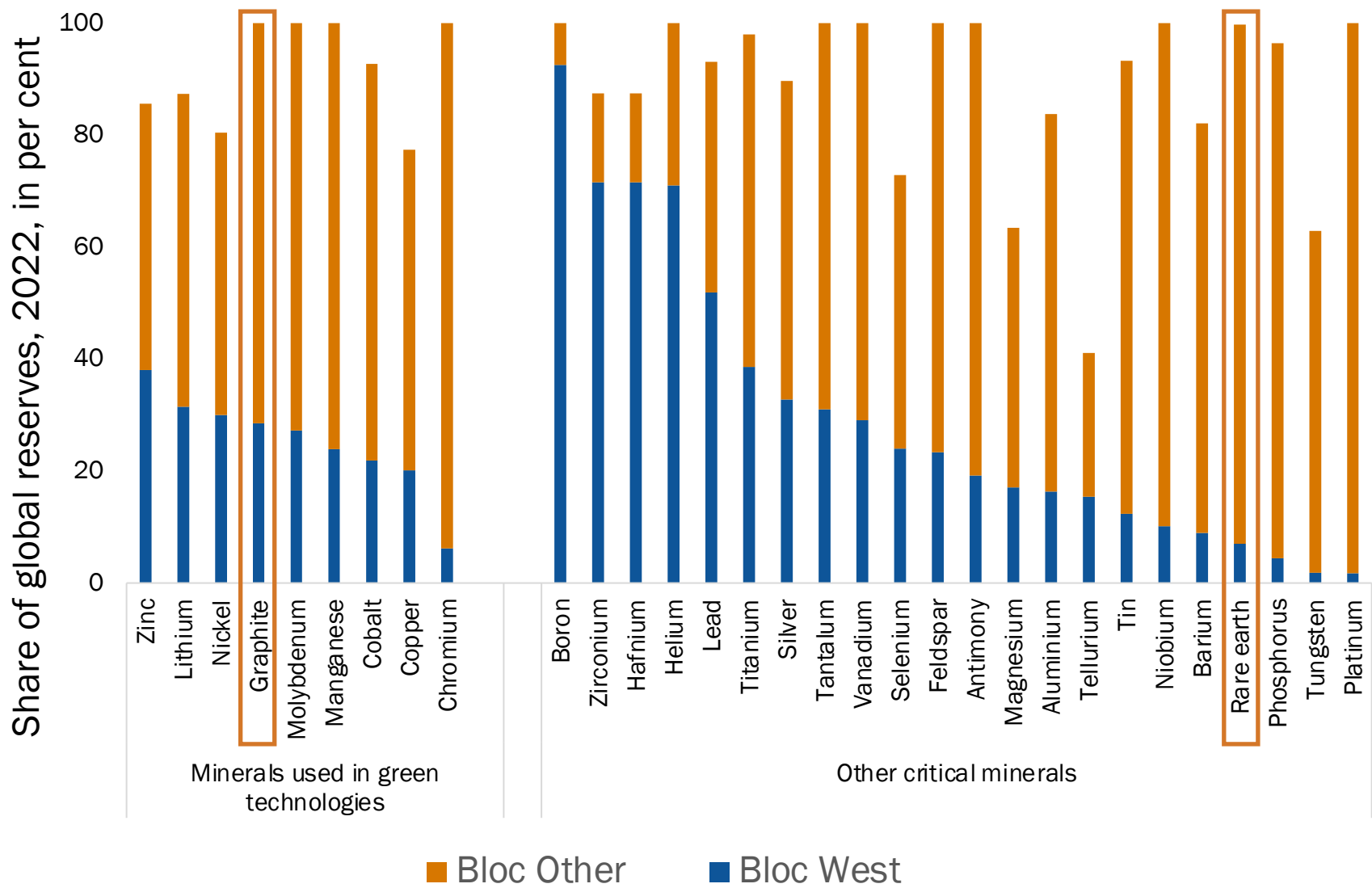
Production of critical raw materials is concentrated in a handful of countries, notably China

Source: Reichl and Schatz (2023), USGS (2023), Ministry of Natural Resources, PRC (2022) and authors' calculations. Reserves data are not available for tantalum, strontium, beryllium, cadmium, silicon, arsenic, coking coal, indium, bismuth, germanium, gallium, elsewhere they may be based on old surveys. Platinum refers to platinum group metals.



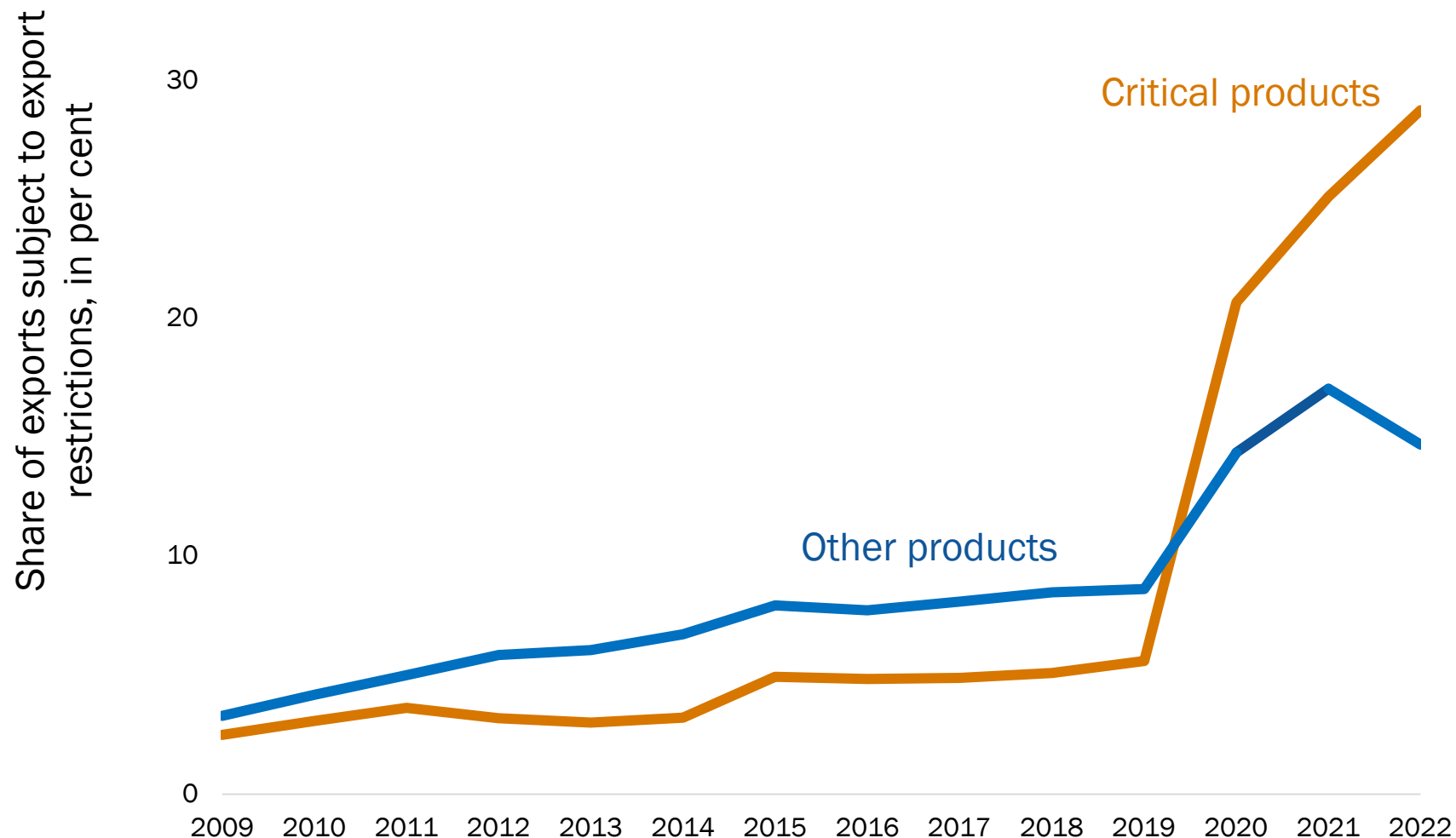
Mounting **geopolitical tensions** raise concerns about the **security of supply** of critical raw materials

Source: S&P, Voeten (2013) and authors' calculations. Based on mine location. Bloc West consists of countries that are more closely aligned with western economies, based on votes at the UN General Assembly, 2014-21. Location of some reserves is undefined in the dataset.



The scramble for resources is reflected in the growing use of **export restrictions**

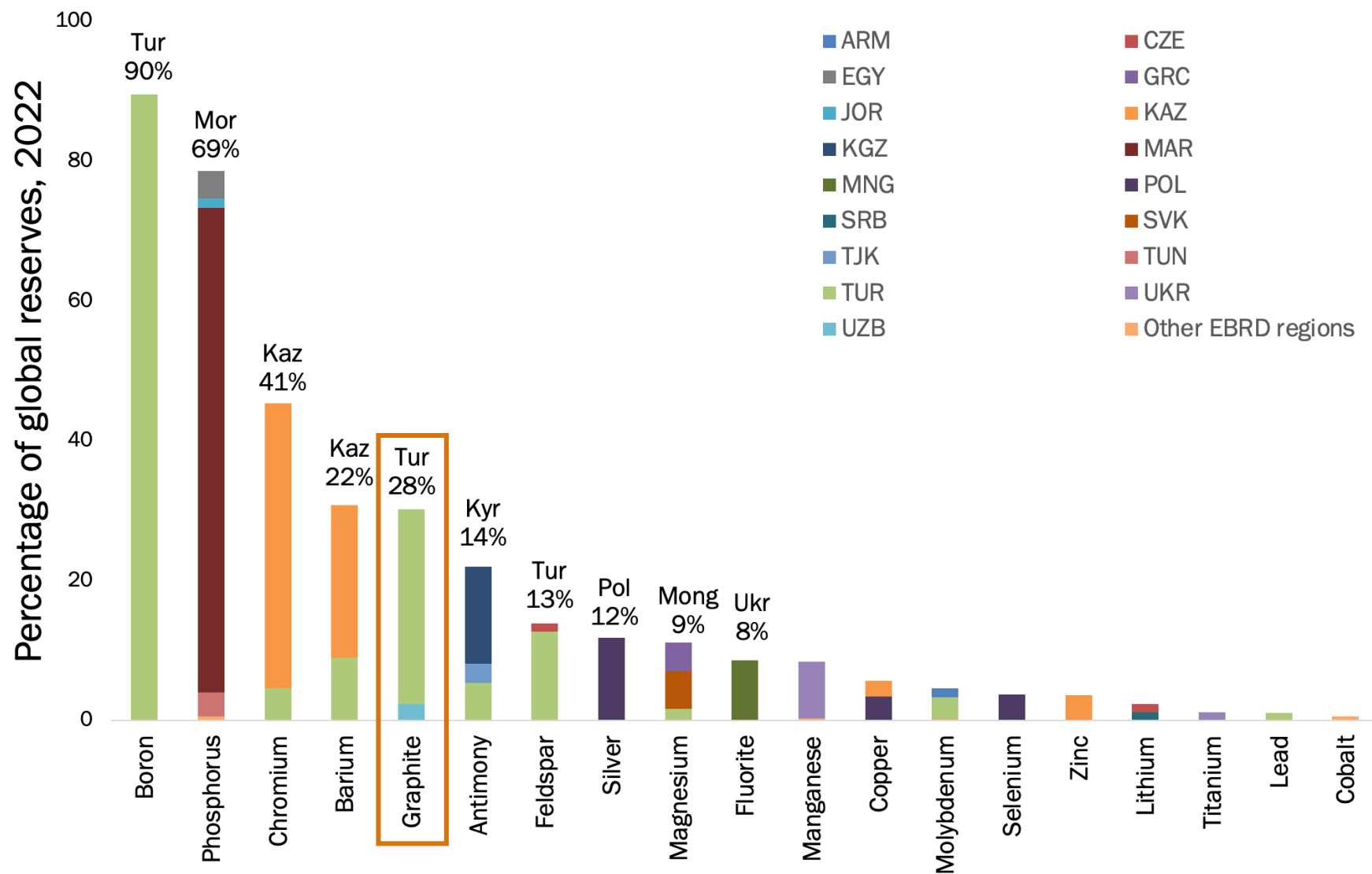
Source: Global Trade Alert (as of 11 July 2023), UN Comtrade, US draft list of critical supply chains and authors' calculations. US Executive Order 14017 of 14 February 2021, with products defined on the basis of 8 or 10-digit HS codes and assigned to the critical minerals and materials for energy and ICT sectors.



What does all this imply for the EBRD regions?

Significant deposits of critical raw materials exist in several **EBRD economies**, yet developing new mines and refining takes time and the investment needs are significant

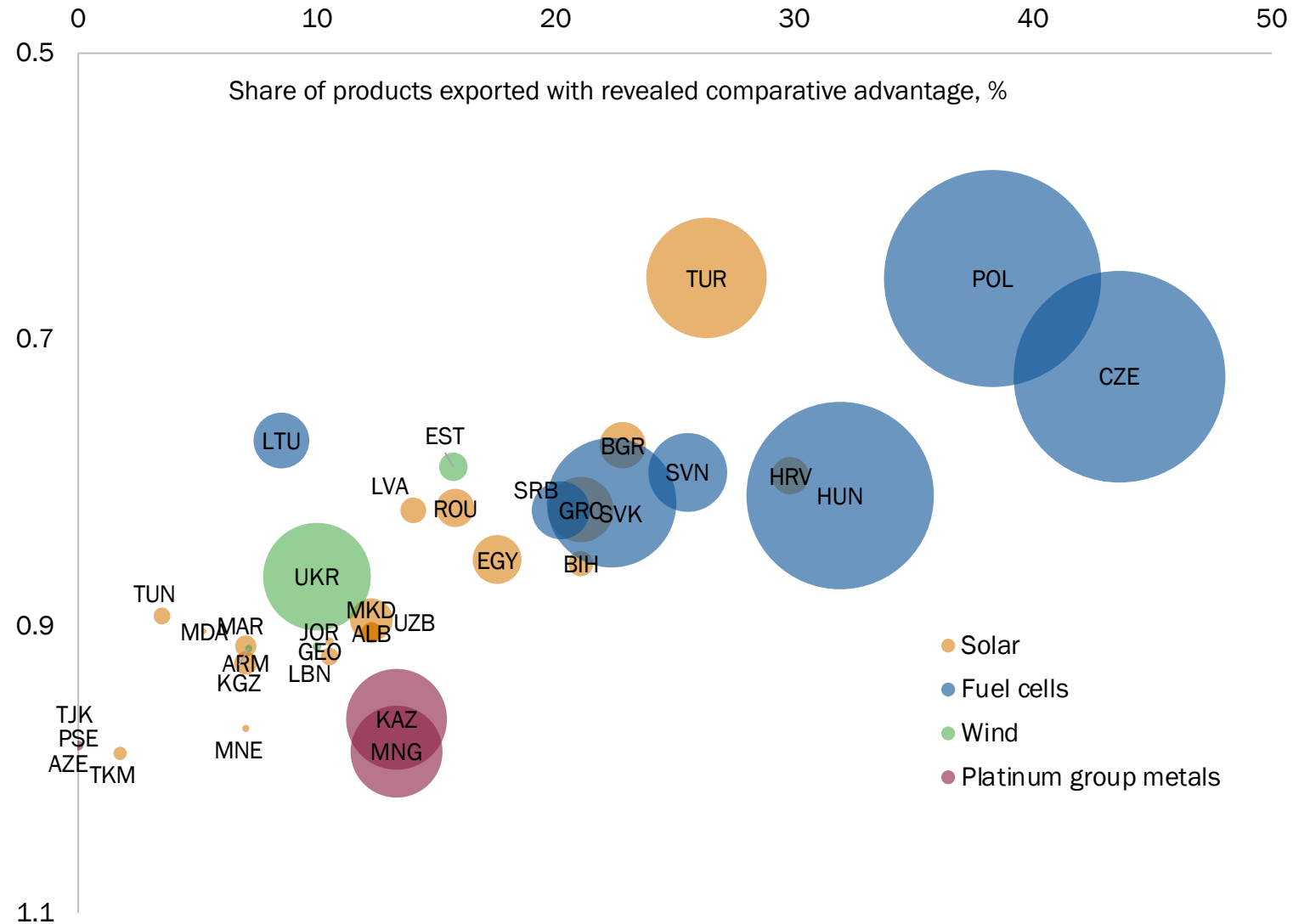
Source: USGS (2023) and authors' calculations Data may be based on surveys conducted a long time ago.



Products required by the solar-energy and fuel-cell sectors fit well with the **comparative advantage** of many economies in the EBRD regions

Source: UN Comtrade and authors' calculations. The size of the circle is proportional to the value of the country's exports in the sector.

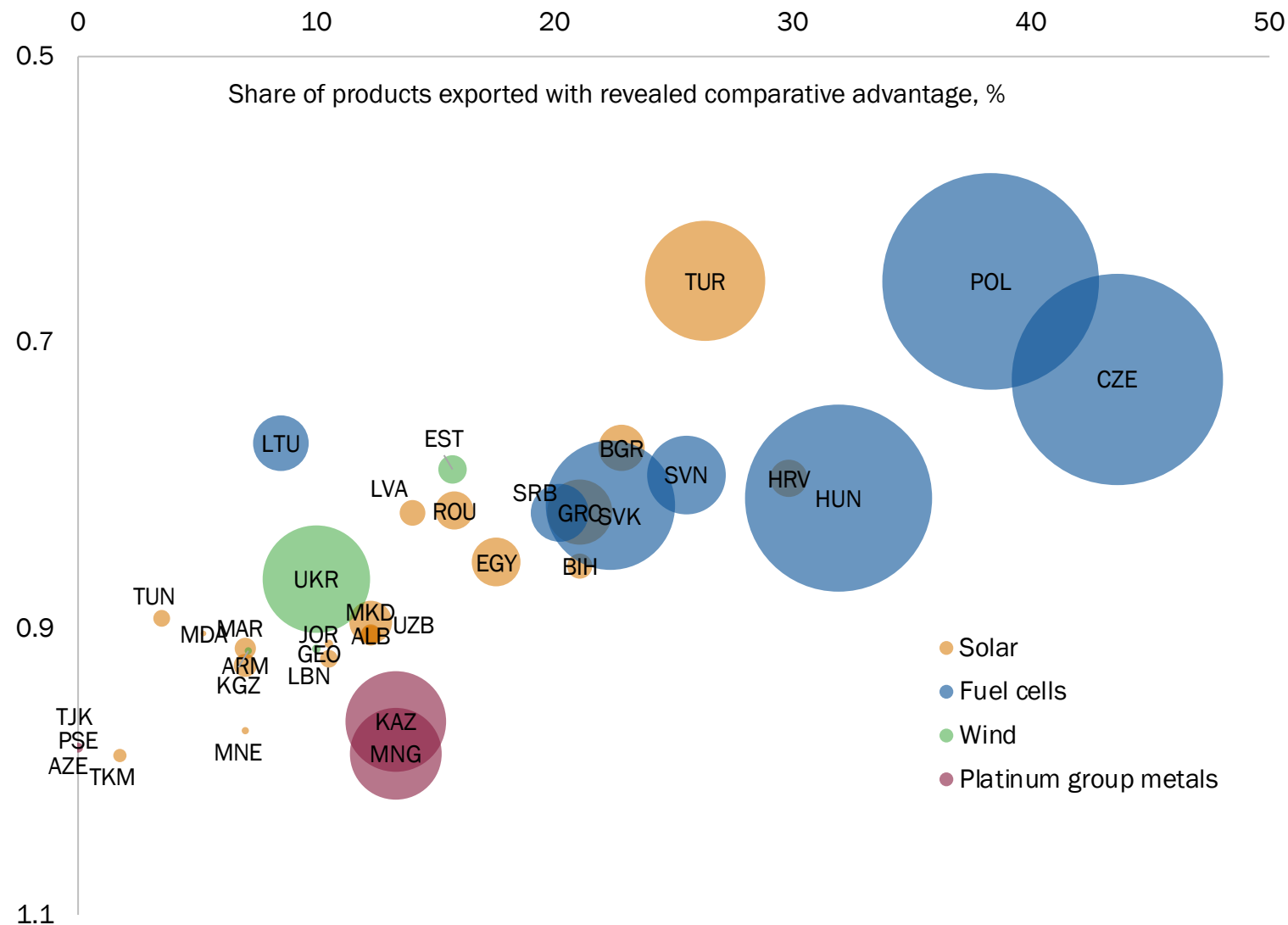
Average distance between current exports and products in a cluster shown, inverted scale



Bottom to top
Where capabilities
do not yet exist,
**prior export
structure is**
“similar enough”
to what new
technologies
demand

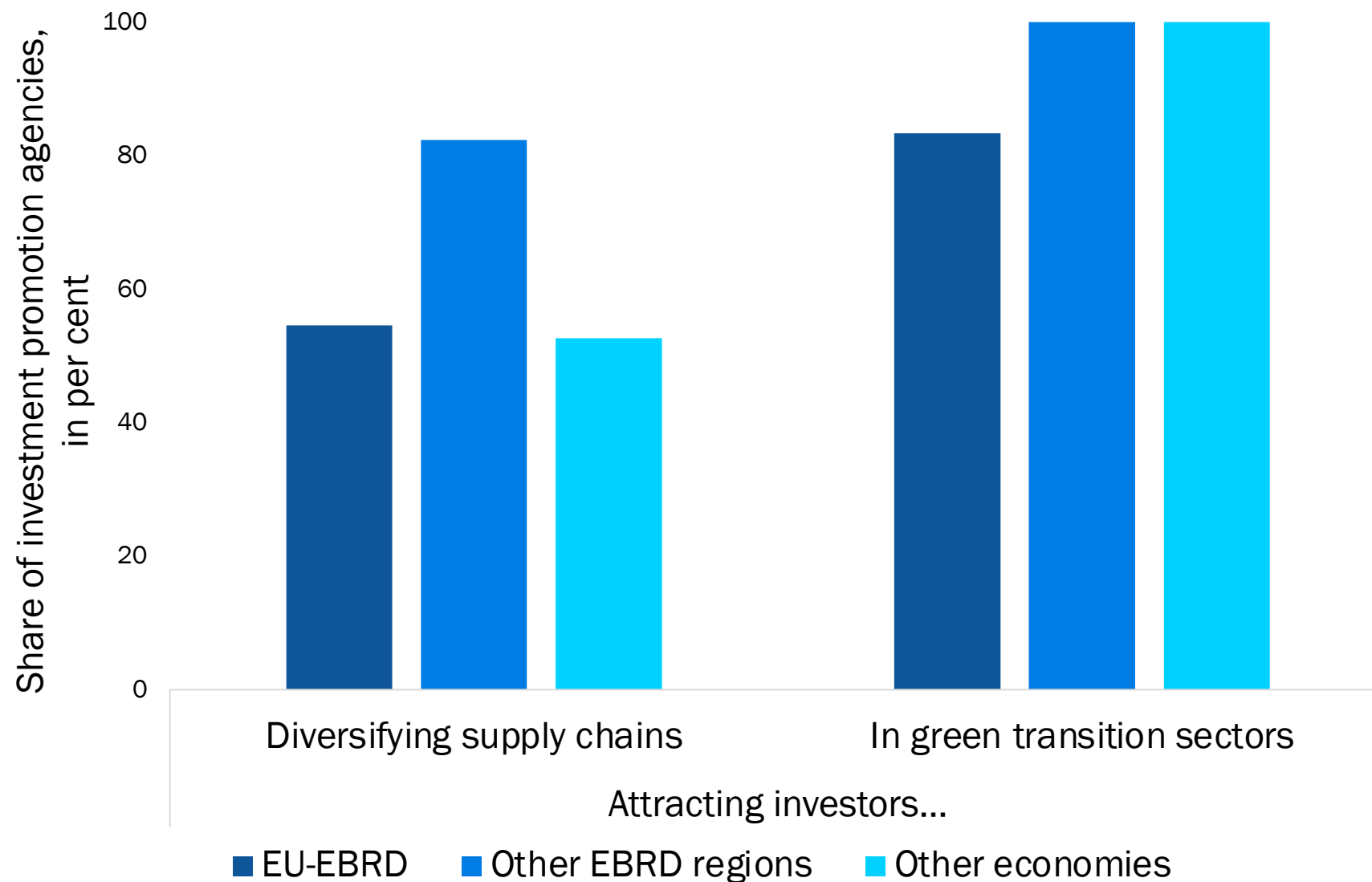
Source: UN Comtrade and authors' calculations. The size of the circle is proportional to the value of the country's exports in the sector.

Average distance between current
exports and products in a cluster shown,
inverted scale



Investment promotion

agencies are helping to shape the green transition and reconfigure supply chains

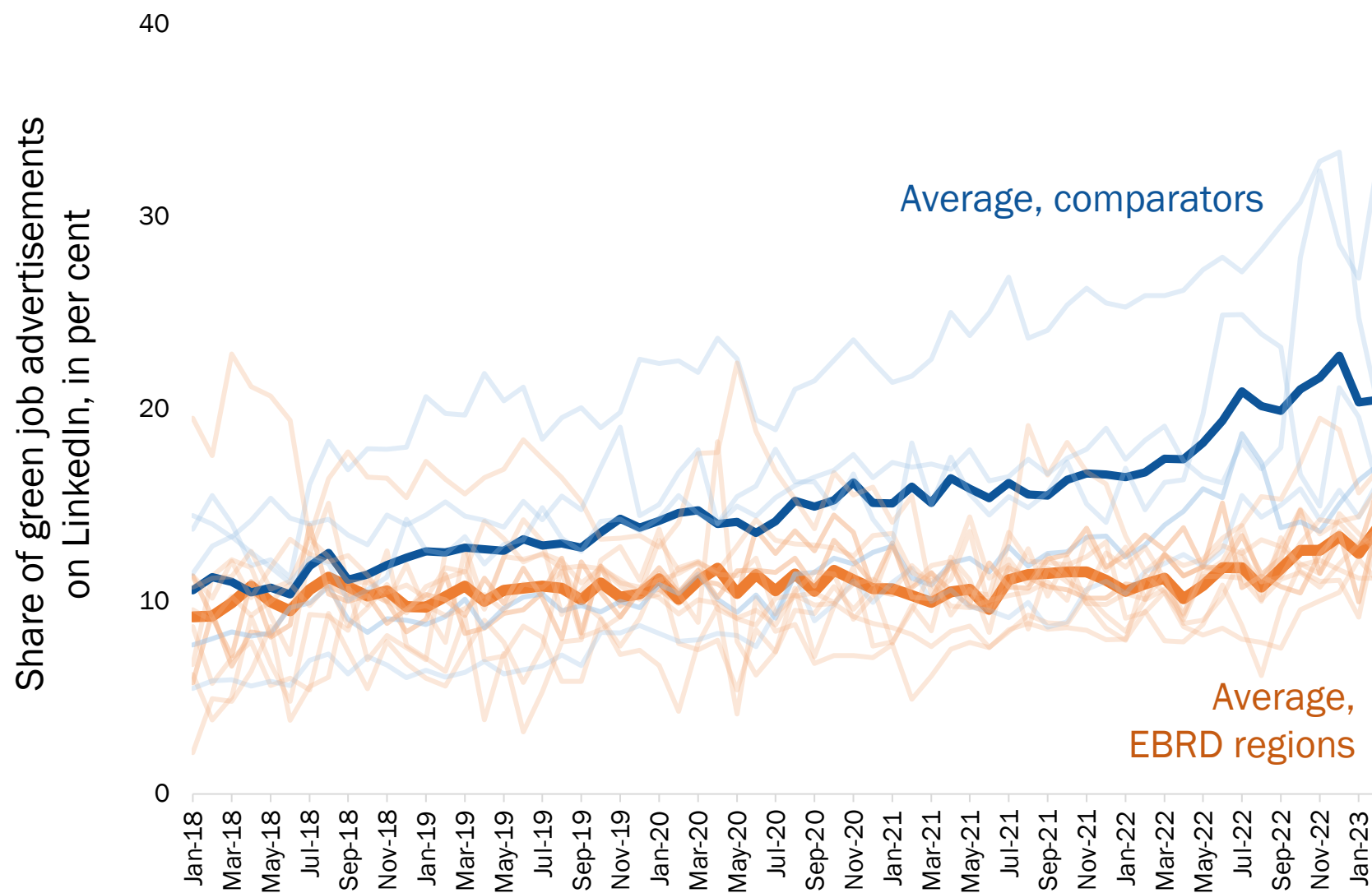


Source: EBRD survey of Investment Promotion Agencies (2023) and authors' calculations.

Small transitions

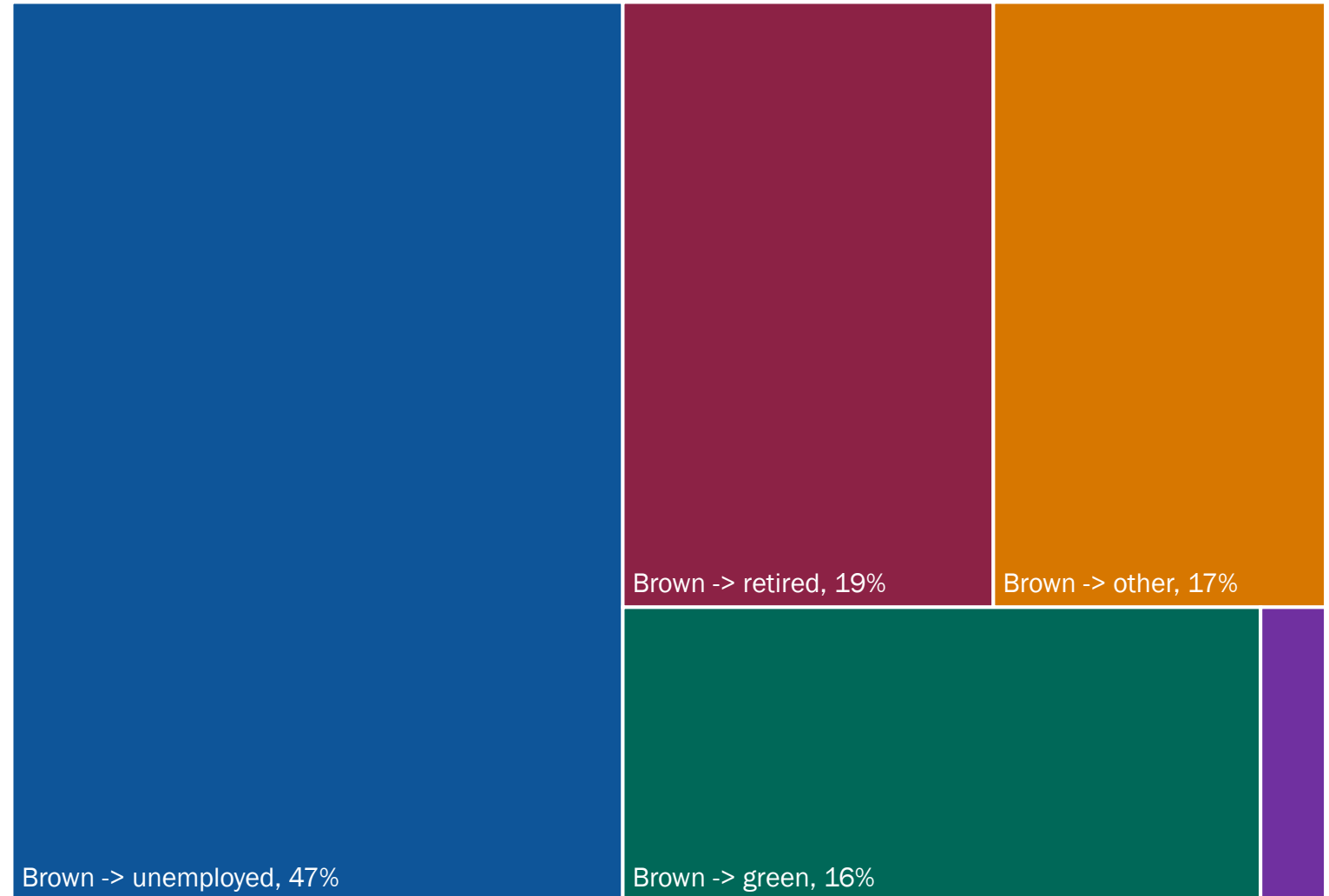
Demand for green skills has been rising, as reflected in LinkedIn job postings, though less so in the EBRD regions than in advanced economies

Source: LinkedIn via Development Data Partnership and authors' calculations. Croatia, Czech Republic, Estonia, Greece, Latvia, Lithuania, Poland, Romania, Slovak Republic and Türkiye versus France, Germany, Italy, the United Kingdom and the United States.



Limited mobility from brown to green jobs: In the EBRD regions, almost half of all workers moving out of brown sectors were unemployed a year later

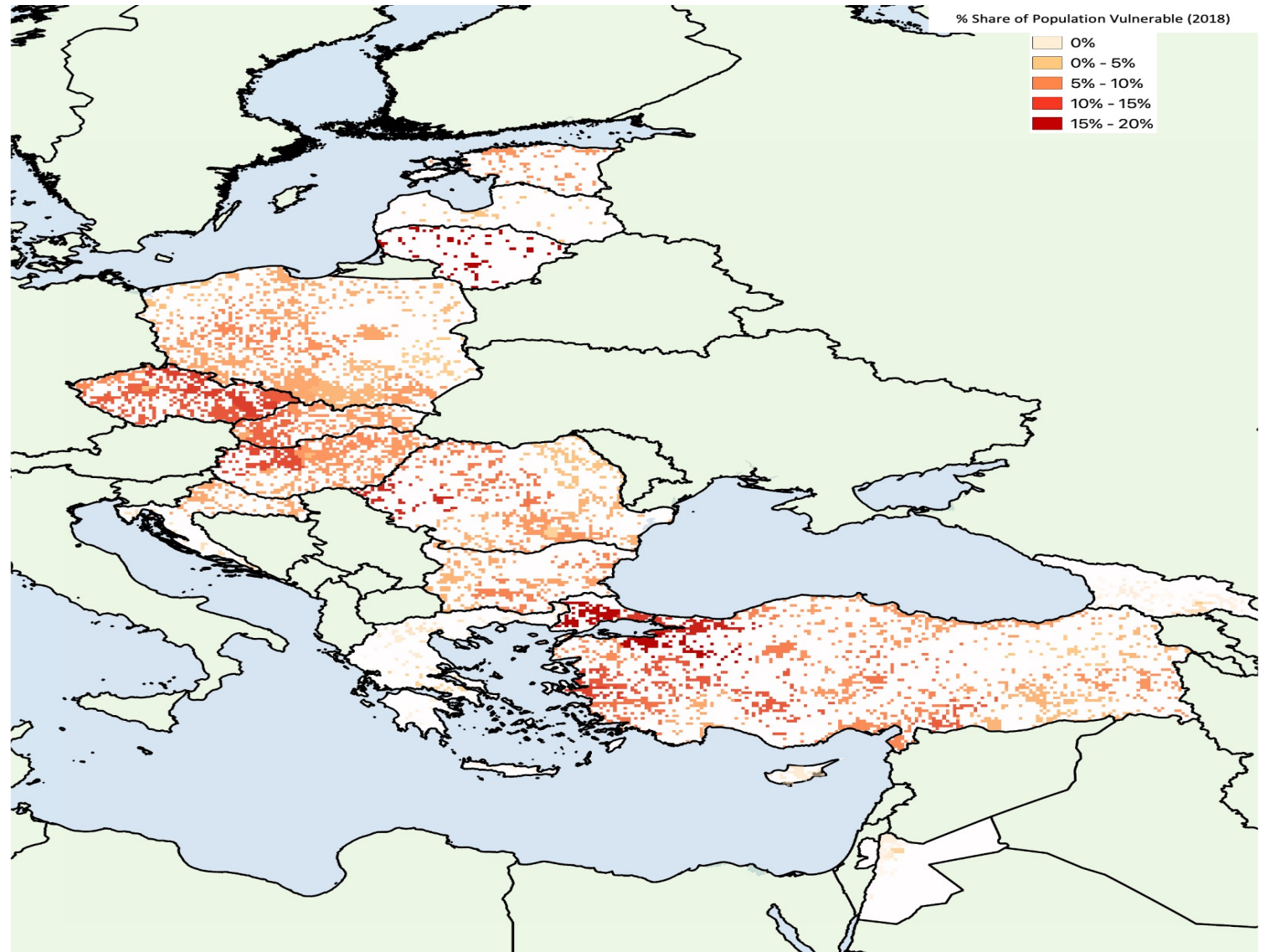
Movement from brown sectors: EBRD regions



Source: EU Labour Force Survey micro data (1998-2019), World Input-Output Database (WIOD) environmental accounts (2016) and authors' calculations. Residual box (2%) are moves into training.

Jobs at risk:
Green transition may
**upend local labour
markets** in places
specialising in dirtier
manufacturing
(and mining)

Source: EDGAR, Landscan, EU-LF, national statistical agencies and authors' calculations. 11x11km grid area. Carbon-intensive industries are defined as those with the lowest emissions productivity (Gu and Hale, 2023).



75% of people tend to **recognise climate change** and its consequences, 25% are sceptical

Beliefs	Climate change will seriously affect... me	86	86	75	66	78	84	63	83	80	66	66	80	76	66	66	74	61	65	61	75	63	58	52	72	50	68	51	60	51	51	35	50	52	37	26	36	35	62
	... today's children	91	94	85	71	84	87	60	91	86	71	75	91	81	92	71	87	73	83	83	88	87	67	69	81	65	75	73	66	73	64	66	66	65	58	61	62	42	75
	Climate change is real	79	70	77	72	73	81	66	68	62	63	64	75	80	73	59	66	66	57	74	69	70	62	69	55	61	39	53	54	54	52	55	61	57	50	60	53	44	63
Concerns	Concerned about... air pollution	84	70	87	88	85	78	83	77	76	88	71	73	78	68	74	71	80	76	61	58	64	69	71	68	76	75	64	74	61	60	58	54	54	36	34	30	24	67
	...lack of action on climate	74	61	59	65	47	69	52	63	58	46	52	45	53	71	52	68	40	54	56	41	48	52	58	25	36	46	50	40	42	39	36	40	26	31	30	43	25	48
	...loss of biodiversity	85	75	81	78	80	78	82	71	71	83	69	67	68	71	72	73	76	71	70	59	69	63	61	64	73	67	58	44	62	53	54	43	41	49	51	45	19	65
	...natural disasters/weather	90	85	84	83	88	85	87	85	78	88	74	69	76	75	83	86	82	76	76	68	67	75	65	72	73	76	77	57	70	55	61	61	47	47	34	40	25	71
	...rising temperatures	87	86	84	76	73	81	74	80	69	88	75	75	72	74	75	80	76	75	69	69	72	65	63	69	60	73	62	59	66	52	52	46	47	39	27	47	27	67
	...spread of disease	94	94	91	88	90	90	92	91	83	90	77	93	89	72	82	87	88	78	71	85	62	74	68	81	85	81	85	89	74	70	76	62	70	43	55	30	50	78
	...waste disposal	88	83	86	84	84	76	79	79	71	83	65	80	64	76	67	68	76	70	62	67	63	65	57	63	77	68	67	78	62	54	63	45	44	43	42	31	23	66
Willing to act	In favour of climate refugees arriving	49	74	38	35	62	78	63	78	70	28	47	58	46	50	55	50	42	51	65	63	40	56	47	44	42	49	59	54	38	49	48	52	43	37	48	33	49	51
	Prioritise environment over jobs	56	41	54	51	47	57	47	39	53	41	44	44	41	65	43	47	47	49	46	37	45	39	38	41	46	28	37	44	39	45	30	30	42	35	43	43	12	43
	More taxes to... fight global warming	45	49	58	64	53	35	63	47	57	58	67	40	44	36	50	31	37	32	37	30	40	42	43	35	23	25	24	23	18	25	19	25	22	26	18	25	7	37
	...prevent biodiversity loss	48	56	62	67	58	38	72	48	60	58	71	45	50	40	52	31	40	37	42	38	43	38	46	39	32	31	25	24	19	32	24	28	25	36	30	27	7	41
	...reduce pollution	52	64	66	75	61	43	69	52	67	58	73	50	52	39	53	30	43	39	39	37	41	41	47	40	35	32	28	36	19	30	28	34	34	31	29	23	11	43
		Moldova	Tunisia	Kyrgyz Rep	Mongolia	Armenia	Morocco	Azerbaijan	Albania	Kosovo	Uzbekistan	Tajikistan	WB & Gaza	Georgia	Slovenia	Turkiye	Greece	Kazakhstan	Serbia	Croatia	Jordan	Hungary	Romania	Poland	Algeria	Russia	N Macedonia	Bulgaria	Lebanon	Slovak Rep	Montenegro	Latvia	BiH	Belarus	Czech Rep	Estonia	Germany	Lithuania	AVERAGE

Source: Life in Transition Survey (LiTS) IV and authors' calculations. Numbers in each cell refer to the percentage of individuals who agree with the statement.

Beliefs	Climate change will seriously affect... me																																							
	86	86	75	66	78	84	63	83	80	66	66	80	76	66	66	74	61	65	61	75	63	58	52	72	50	68	51	60	51	51	35	50	52	37	26	36	35	62		
	... today's children																																							
	91	94	85	71	84	87	60	91	86	71	75	91	81	92	71	87	73	83	83	88	87	67	69	81	65	75	73	66	73	64	66	66	65	58	61	62	42	75		
Climate change is real		79	70	77	72	73	81	66	68	62	63	64	75	80	73	59	66	66	57	74	69	70	62	69	55	61	39	53	54	54	52	55	61	57	50	60	53	44	63	
Concerns	Concerned about... air pollution		84	70	87	88	85	78	83	77	76	88	71	73	78	68	74	71	80	76	61	58	64	69	71	68	76	75	64	74	61	60	58	54	54	36	34	30	24	67
	...lack of action on climate		74	61	59	65	47	69	52	63	58	46	52	45	53	71	52	68	40	54	56	41	48	52	58	25	36	46	50	40	42	39	36	40	26	31	30	43	25	48
	...loss of biodiversity		85	75	81	78	80	78	82	71	71	83	69	67	68	71	72	73	76	71	70	59	69	63	61	64	73	67	58	44	62	53	54	43	41	49	51	45	19	65
	...natural disasters/weather		90	85	84	83	88	85	87	85	78	88	74	69	76	75	83	86	82	76	76	68	67	75	65	72	73	76	77	57	70	55	61	61	47	47	34	40	25	71
	...rising temperatures		87	86	84	76	73	81	74	80	69	88	75	75	72	74	75	80	76	75	69	69	72	65	63	69	60	73	62	59	66	52	52	46	47	39	27	47	27	67
	...spread of disease		94	94	91	88	90	90	92	91	83	90	77	93	89	72	82	87	88	78	71	85	62	74	68	81	85	81	85	89	74	70	76	62	70	43	55	30	50	78
	...waste disposal		88	83	86	84	84	76	79	79	71	83	65	80	64	76	67	68	76	70	62	67	63	65	57	63	77	68	67	78	62	54	63	45	44	43	42	31	23	66
Willing to act	Prioritise environment over jobs		56	41	54	51	47	57	47	39	53	41	44	44	41	65	43	47	47	49	46	37	45	39	38	41	46	28	37	44	39	45	30	30	42	35	43	43	12	43
	More taxes to... fight global warming		45	49	58	64	53	35	63	47	57	58	67	40	44	36	50	31	37	32	37	30	40	42	43	35	23	25	24	23	18	25	19	25	22	26	18	25	7	37
	...prevent biodiversity loss		48	56	62	67	58	38	72	48	60	58	71	45	50	40	52	31	40	37	42	38	43	38	46	39	32	31	25	24	19	32	24	28	25	36	30	27	7	41
	...reduce pollution		52	64	66	75	61	43	69	52	67	58	73	50	52	39	53	30	43	39	39	37	41	41	47	40	35	32	28	36	19	30	28	34	34	31	29	23	11	43
		Moldova	Tunisia	Kyrgyz Rep	Mongolia	Armenia	Morocco	Azerbaijan	Albania	Kosovo	Uzbekistan	Tajikistan	WB & Gaza	Georgia	Slovenia	Turkiye	Greece	Kazakhstan	Serbia	Croatia	Jordan	Hungary	Romania	Poland	Algeria	Russia	N Macedonia	Bulgaria	Lebanon	Slovak Rep	Montenegro	Latvia	BiH	Belarus	Czech Rep	Estonia	Germany	Lithuania	AVERAGE	

Beliefs

Climate change will seriously affect... me	86	86	75	66	78	84	63	83	80	66	66	80	76	66	66	74	61	65	61	75	63	58	52	72	50	68	51	60	51	51	35	50	52	37	26	36	35	62
... today's children	91	94	85	71	84	87	60	91	86	71	75	91	81	92	71	87	73	83	83	88	87	67	69	81	65	75	73	66	73	64	66	66	65	58	61	62	42	75
Climate change is real	79	70	77	72	73	81	66	68	62	63	64	75	80	73	59	66	66	57	74	69	70	62	69	55	61	39	53	54	54	52	55	61	57	50	60	53	44	63

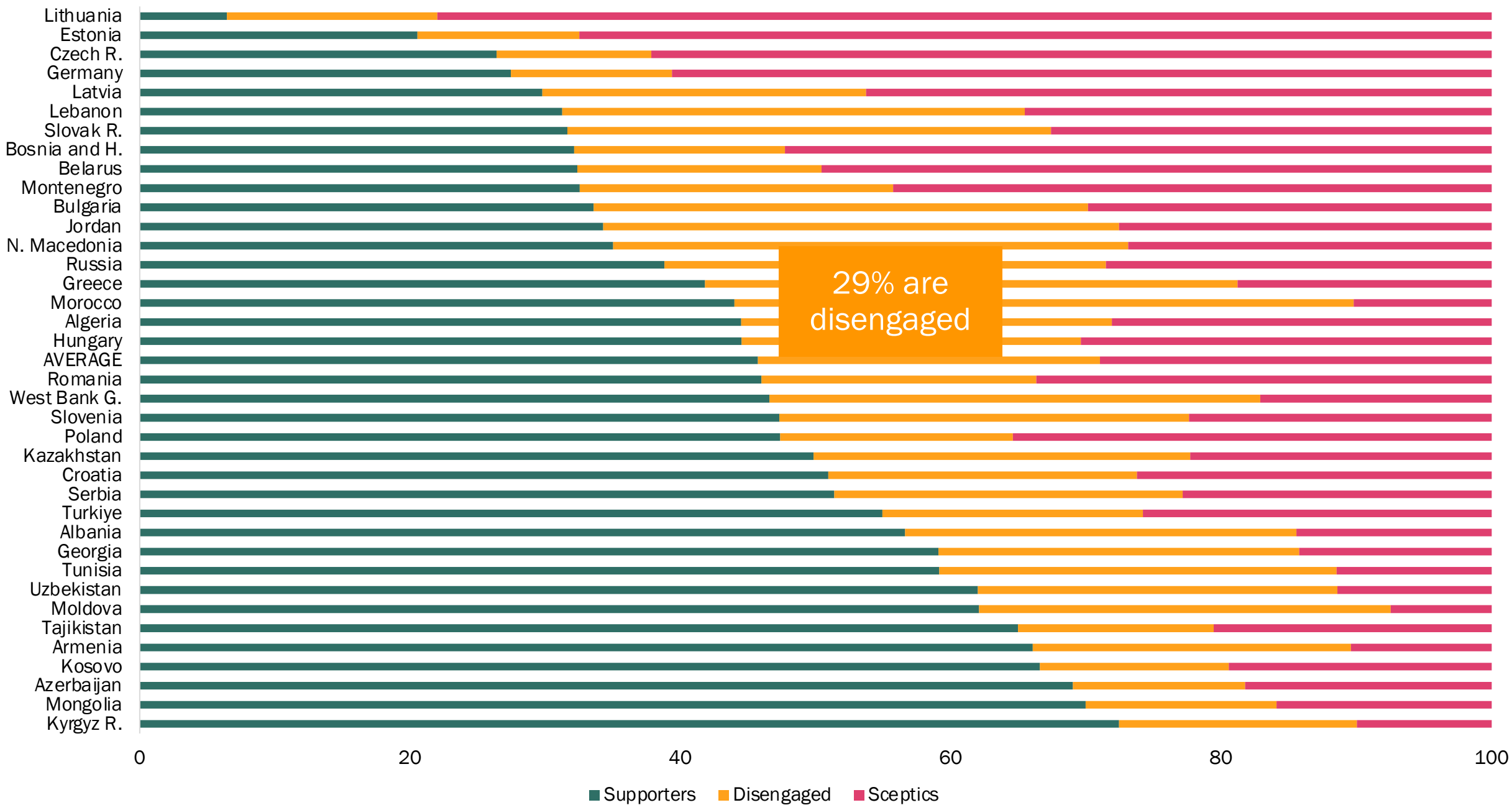
Concerns

Concerned about... air pollution	84	70	87	88	85	78	83	77	76	88	71	73	78	68	74	71	80	76	61	58	64	69	71	68	76	75	64	74	61	60	58	54	54	36	34	30	24	67
...lack of action on climate	74	61	59	65	47	69	52	63	58	46	52	45	53	71	52	68	40	54	56	41	48	52	58	25	36	46	50	40	42	39	36	40	26	31	30	43	25	48
...loss of biodiversity	85	75	81	78	80	78	82	71	71	83	69	67	68	71	72	73	76	71	70	59	69	63	61	64	73	67	58	44	62	53	54	43	41	49	51	45	19	65
...natural disasters/weather	90	85	84	83	88	85	87	85	78	88	74	69	76	75	83	86	82	76	76	68	67	75	65	72	73	76	77	57	70	55	61	61	47	47	34	40	25	71
...rising temperatures	87	86	84	76	73	81	74	80	69	88	75	75	72	74	75	80	76	75	69	69	72	65	63	69	60	73	62	59	66	52	52	46	47	39	27	47	27	67
...spread of disease	94	94	91	88	90	90	92	91	83	90	77	93	89	72	82	87	88	78	71	85	62	74	68	81	85	81	85	89	74	70	76	62	70	43	55	30	50	78
...waste disposal	88	83	86	84	84	76	79	79	71	83	65	80	64	76	67	68	76	70	62	67	63	65	57	63	77	68	67	78	62	54	63	45	44	43	42	31	23	66

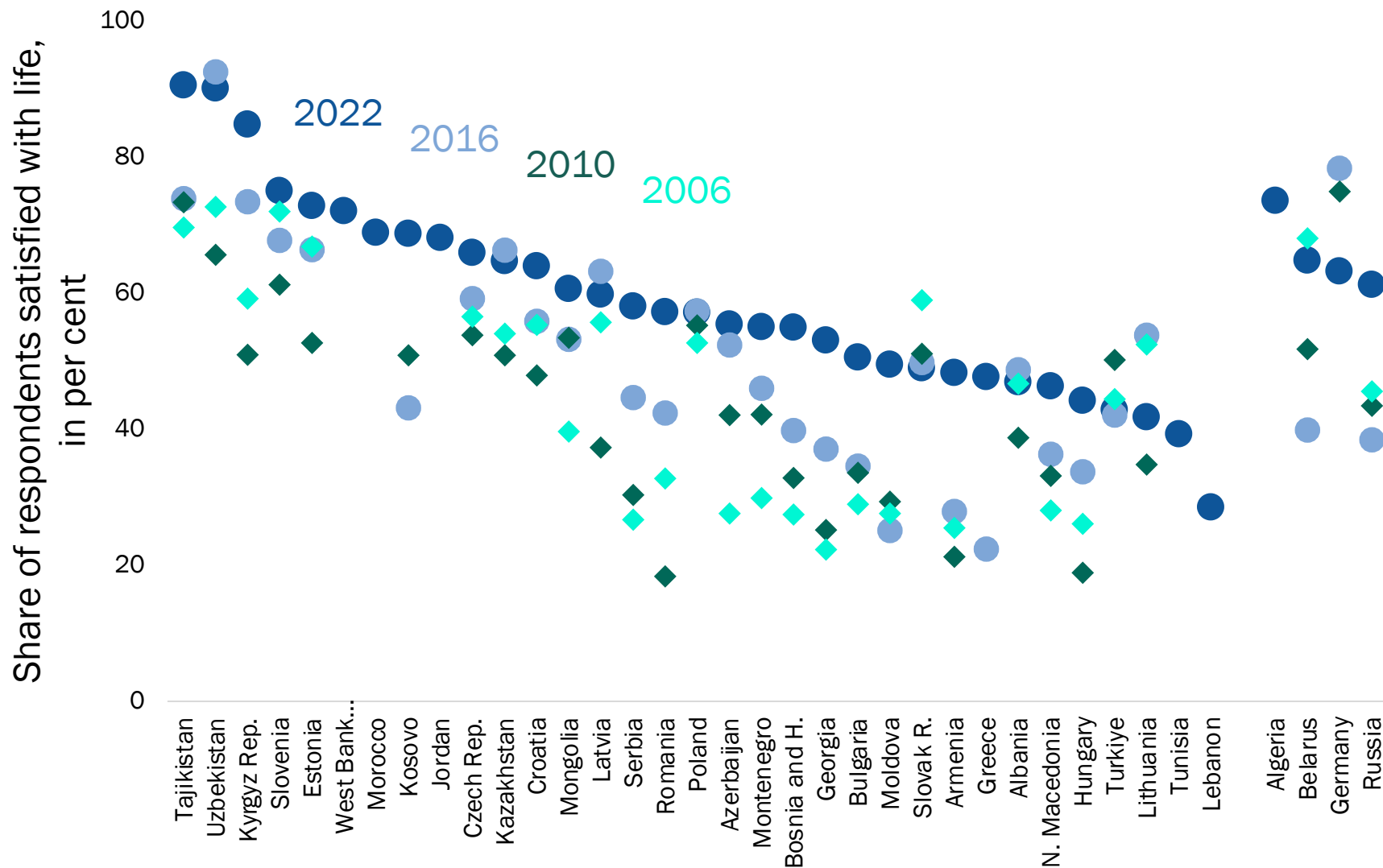
Willing to act

Prioritise environment over jobs	56	41	54	51	47	57	47	39	53	41	44	44	41	65	43	47	47	49	46	37	45	39	38	41	46	28	37	44	39	45	30	30	42	35	43	43	12	43
More taxes to... fight global warming	45	49	58	64	53	35	63	47	57	58	67	40	44	36	50	31	37	32	37	30	40	42	43	35	23	25	24	23	18	25	19	25	22	26	18	25	7	37
...prevent biodiversity loss	48	56	62	67	58	38	72	48	60	58	71	45	50	40	52	31	40	37	42	38	43	38	46	39	32	31	25	24	19	32	24	28	25	36	30	27	7	41
...reduce pollution	52	64	66	75	61	43	69	52	67	58	73	50	52	39	53	30	43	39	39	37	41	41	47	40	35	32	28	36	19	30	28	34	34	31	29	23	11	43
	Moldova	Tunisia	Kyrgyz Rep	Mongolia	Armenia	Morocco	Azerbaijan	Albania	Kosovo	Uzbekistan	Tajikistan	WB & Gaza	Georgia	Slovenia	Turkiye	Greece	Kazakhstan	Serbia	Croatia	Jordan	Hungary	Romania	Poland	Algeria	Russia	N Macedonia	Bulgaria	Lebanon	Slovak Rep	Montenegro	Latvia	BiH	Belarus	Czech Rep	Estonia	Germany	Lithuania	AVERAGE

		Country																																					
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	... today's children	91	94	85	71	84	87	60	91	86	71	75	91	81	92	71	87	73	83	83	88	87	67	69	81	65	75	73	66	73	64	66	66	65	58	61	62	42	75
	Climate change is real	79	70	77	72	73	81	66	68	62	63	64	75	80	73	59	66	66	57	74	69	70	62	69	55	61	39	53	54	54	52	55	61	57	50	60	53	44	63
Concerns	Concerned about... air pollution	84	70	87	88	85	78	83	77	76	88	71	73	78	68	74	71	80	76	61	58	64	69	71	68	76	75	64	74	61	60	58	54	54	36	34	30	24	67
	...lack of action on climate	74	61	59	65	47	69	52	63	58	46	52	45	53	71	52	68	40	54	56	41	48	52	58	25	36	46	50	40	42	39	36	40	26	31	30	43	25	48
	...loss of biodiversity	85	75	81	78	80	78	82	71	71	83	69	67	68	71	72	73	76	71	70	59	69	63	61	64	73	67	58	44	62	53	54	43	41	49	51	45	19	65
	...natural disasters/weather	90	85	84	83	88	85	87	85	78	88	74	69	76	75	83	86	82	76	76	68	67	75	65	72	73	76	77	57	70	55	61	61	47	47	34	40	25	71
	...rising temperatures	87	86	84	76	73	81	74	80	69	88	75	75	72	74	75	80	76	75	69	69	72	65	63	69	60	73	62	59	66	52	52	46	47	39	27	47	27	67
	...spread of disease	94	94	91	88	90	90	92	91	83	90	77	93	89	72	82	87	88	78	71	85	62	74	68	81	85	81	85	89	74	70	76	62	70	43	55	30	50	78
	...waste disposal	88	83	86	84	84	76	79	79	71	83	65	80	64	76	67	68	76	70	62	67	63	65	57	63	77	68	67	78	62	54	63	45	44	43	42	31	23	66
Willing to act	Prioritise environment over jobs	56	41	54	51	47	57	47	39	53	41	44	44	41	65	43	47	47	49	46	37	45	39	38	41	46	28	37	44	39	45	30	30	42	35	43	43	12	43
	More taxes to... fight global warming	45	49	58	64	53	35	63	47	57	58	67	40	44	36	50	31	37	32	37	30	40	42	43	35	23	25	24	23	18	25	19	25	22	26	18	25	7	37
	...prevent biodiversity loss	48	56	62	67	58	38	72	48	60	58	71	45	50	40	52	31	40	37	42	38	43	38	46	39	32	31	25	24	19	32	24	28	25	36	30	27	7	41
	...reduce pollution	52	64	66	75	61	43	69	52	67	58	73	50	52	39	53	30	43	39	39	37	41	41	47	40	35	32	28	36	19	30	28	34	34	31	29	23	11	43

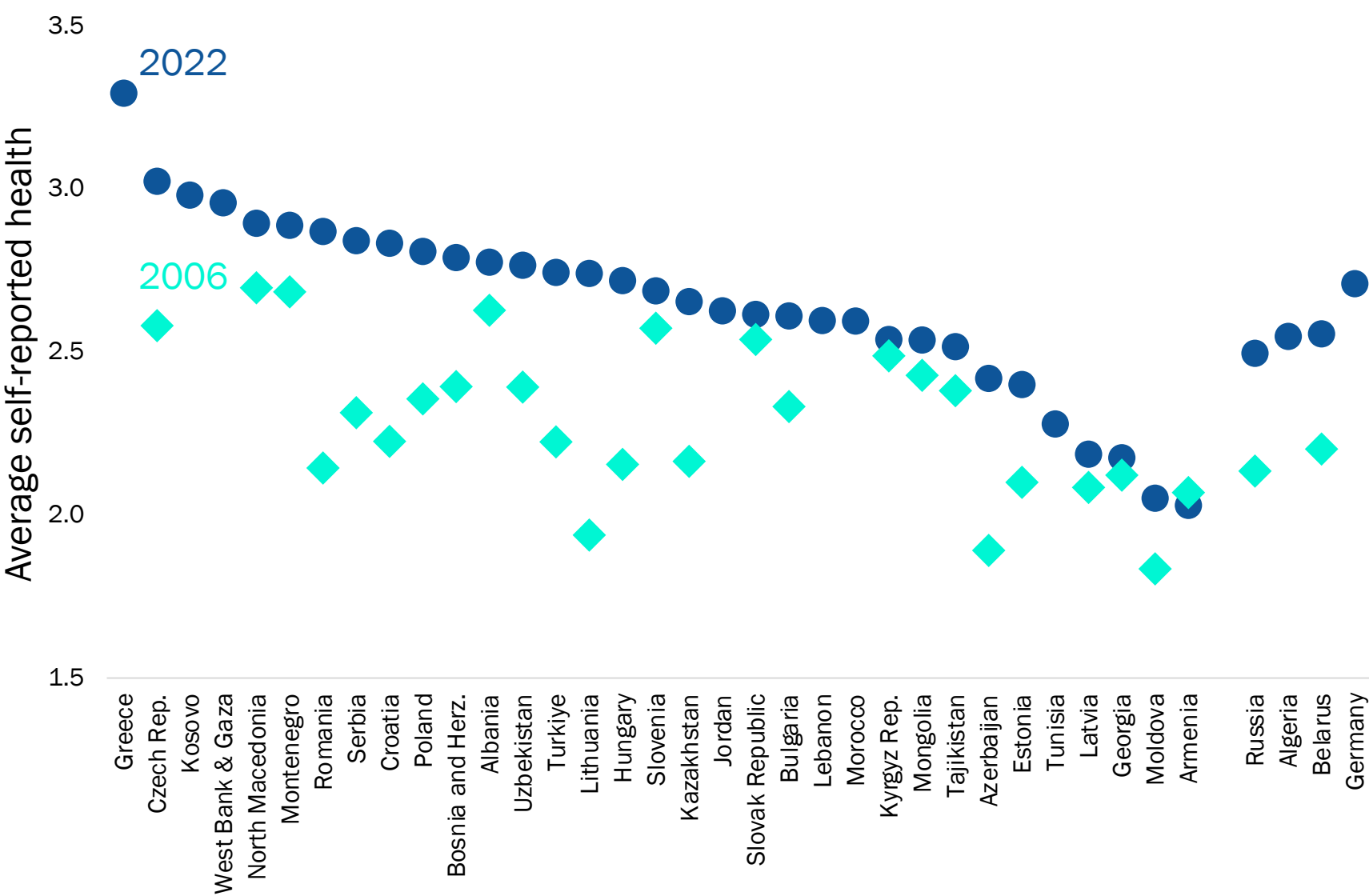


Rising levels of **life satisfaction** over time



Source: Life in Transition Survey (October 2022 to May 2023) and authors' calculations. The chart shows the share of respondents who agree or strongly agree that overall they are satisfied with their life. LiTS did not cover Egypt, Turkmenistan and Ukraine.

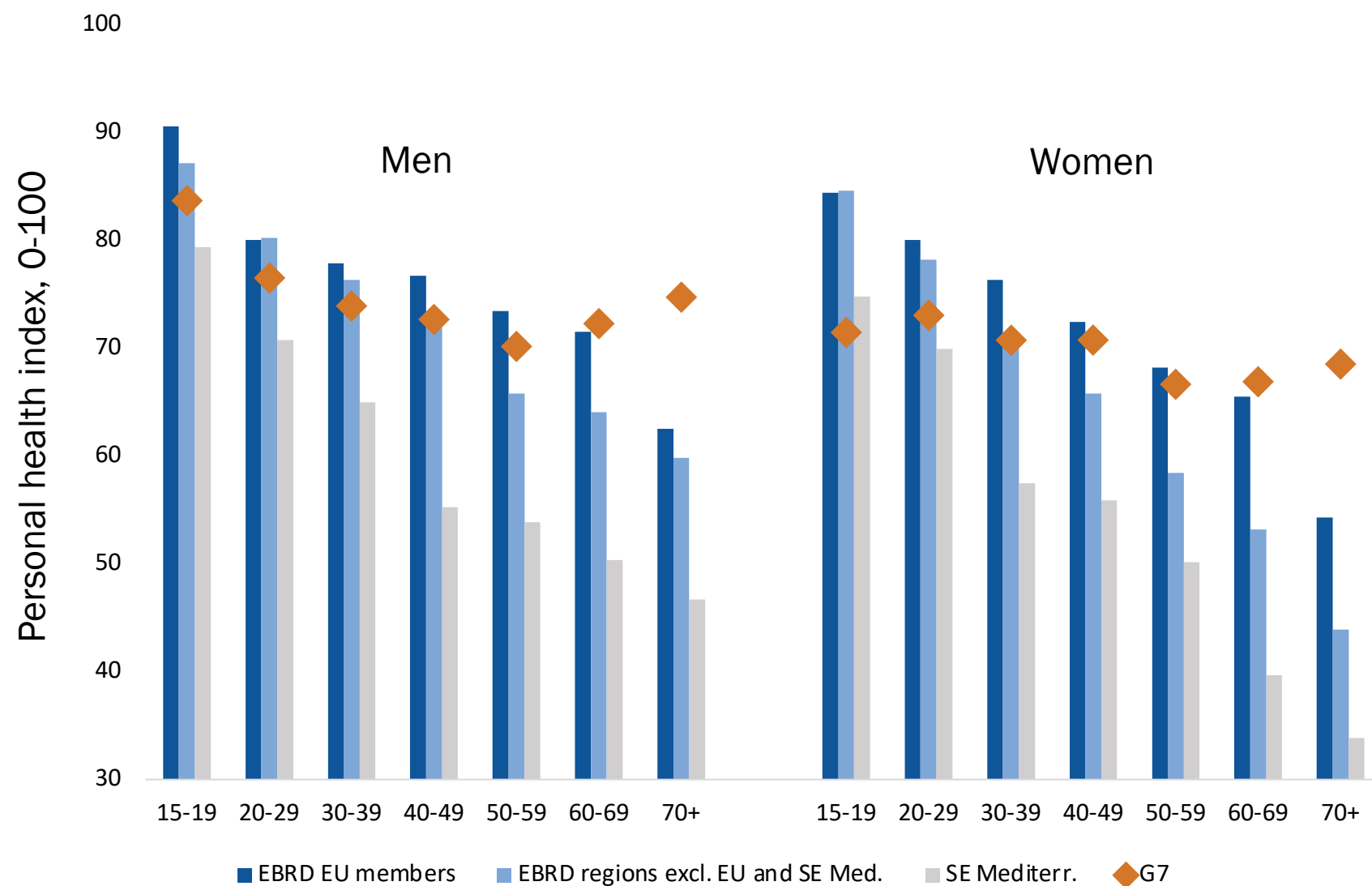
People's assessments of their own **health** have risen significantly over time



Source: Life in Transition Survey and authors' calculations. The average self-reported health on a scale from 1 (very bad) to 5 (very good).

Despite health improvements across ages, the **decline in health with age** is steeper than in the G7 countries

Source: Gallup World Poll (2022 or latest available year) and author's calculations. The chart shows the average of a personal health index based on five questions on physical and mental health (healthy, well-rested, in physical pain, worried, sad). Sampling weights used.



Good news

People's lives are getting **happier, more prosperous,** and **healthier**. Gone is the happiness gap

Bad news

- 3/4 of citizens are concerned about the environment and climate change, yet many are **not prepared to pay for environmental policies**
- Success of the green transition will depend on **winning their hearts and minds**
- 30 years of transition taught us that **reforms will not last without broad-based support**

Transition Report 2023-24

**Transitions
big and
small**

