05

Structural reform

This chapter presents the latest assessment of transition progress in the EBRD regions, looking at whether economies are competitive, well governed, green, inclusive, resilient and integrated. This year, the assessment includes Iraq for the first time. While Iraq's scores are lower, on average, than those of the other economies covered, it fares relatively well on the green and resilient qualities. This chapter also introduces the Bank's assessment of various subsectors within the integrated quality. While country scores for certain areas of integration tend to be closely aligned, this analysis reveals significant outliers, where the assessment of some areas of integration may be more positive or negative than the overall assessment of the integration quality would suggest.

AT A GLANCE

This chapter looks at whether economies are competitive, well governed, green, inclusive, resilient and integrated

When it comes to the individual qualities of a sustainable market economy, the gap between Iraq and other EBRD economies is larger for governance and competitiveness than for other transition qualities

Of the six transition qualities, Iraq's ATQ score for integration has improved most between 2016 and 2025

SSA economies' lower ATQ scores are generally consistent with their lower per capita income levels

The gap between the SSA economies and the rest of the EBRD regions is largest for economic integration

INTRODUCTION

This chapter presents the latest assessment of transition challenges in the EBRD regions and selected comparator economies, tracking progress in the area of structural reform. The assessment focuses on six key qualities of a sustainable market economy, looking at whether economies are competitive, well governed, green, inclusive, resilient and integrated. For each quality, progress is assessed on a scale of 1 to 10, where 1 denotes the worst possible performance and 10 corresponds to the standards of a sustainable market economy. These "assessment of transition qualities" (ATQ) scores are based on a wide range of external and internal data sources and calculated in accordance with a detailed methodology (see Tables 5.1 and 5.2 and Chart 5.1).[1]

The assessment focuses on

6

key qualities

of a sustainable market economy, looking at whether economies are **competitive**, **well governed**, **green**, **inclusive**, **resilient** and **integrated**

[1] For a detailed description of that methodology, see https://www.ebrd.com/content/dam/ebrd_dxp/assets/pdfs/office-of-the-chief-economist/transition-report-archive/transition-report-2025/chapters/tr-25-26-methodological-notes.pdf. For a comprehensive overview of structural reforms over the past 12 months, see https://www.ebrd.com/home/news-and-events/publications/economics/transition-reports/transition-report-2025-26/country-assessments.html.

TABLE 5.1. ATQ scores for six key qualities of a sustainable market economy: EBRD regions

	Competitive			Well governed			Green			Inclusive			Resilient			Integrated		
	2025	2024	2016	2025	2024	2016	2025	2024	2016	2025	2024	2016	2025	2024	2016	2025	2024	2016
Central Europe and the Baltic states (CEB)																		
Croatia	**5.97**	5.96	5.98	**6.55**	6.55	6.35	**6.93**	6.93	6.01	**6.90**	6.88	6.90	**7.03**	7.02	6.38	**6.81**	6.71	6.17
Czechia	**6.67**	6.66	6.65	**7.58**	7.60	7.11	**7.19**	7.19	6.60	**7.20**	7.06	6.93	**7.82**	7.81	7.88	**7.66**	7.60	7.82
Estonia	**7.49**	7.47	7.81	**8.87**	8.87	8.62	**7.24**	7.22	6.23	**7.77**	7.78	7.28	**7.72**	7.77	7.64	**8.01**	8.10	7.58
Hungary	**6.13**	6.12	6.12	**6.01**	6.03	5.92	**6.90**	6.88	6.14	**6.27**	6.23	6.19	**7.29**	7.29	7.03	**7.14**	7.83	7.57
Latvia	**6.27**	6.26	6.28	**7.62**	7.62	6.96	**7.08**	7.08	6.30	**7.06**	7.09	6.75	**7.53**	7.55	7.36	**7.59**	7.50	7.33
Lithuania	**6.50**	6.48	6.39	**8.09**	8.03	7.39	**7.14**	7.15	6.51	**7.33**	7.37	7.03	**7.37**	7.37	7.04	**7.68**	7.67	6.94
Poland	**6.23**	6.23	6.42	**6.99**	6.90	7.48	**7.11**	7.10	6.56	**6.75**	6.76	6.95	**7.88**	7.87	7.65	**7.22**	7.16	6.78
Slovak Republic	**6.32**	6.32	6.17	**6.58**	6.65	6.35	**7.23**	7.23	6.76	**6.84**	6.81	6.59	**7.79**	7.78	7.73	**7.38**	7.28	7.34
Slovenia	**6.39**	6.39	6.33	**7.36**	7.29	7.30	**7.33**	7.32	6.84	**7.58**	7.57	7.24	**7.71**	7.74	7.47	**7.41**	7.33	6.64
South-eastern Europe (SEE)																		
Albania	**4.94**	4.93	4.79	**5.01**	4.95	5.45	**4.93**	4.90	4.84	**5.42**	5.41	5.02	**4.94**	4.90	4.60	**5.42**	5.40	5.27
Bosnia and Herzegovina	**4.69**	4.69	4.57	**4.44**	4.32	4.86	**5.41**	5.38	4.75	**5.47**	5.48	5.48	**5.36**	5.33	5.19	**5.15**	5.10	4.64
Bulgaria	**5.97**	5.95	5.58	**6.22**	6.24	5.99	**6.74**	6.73	5.55	**6.16**	6.17	5.82	**6.34**	6.31	6.12	**6.77**	6.71	6.75
Greece	**6.00**	5.99	6.05	**6.01**	5.98	5.86	**6.69**	6.69	5.98	**6.93**	6.94	6.71	**7.42**	7.42	6.95	**7.23**	7.13	5.81
Kosovo	**4.41**	4.39	4.15	**4.98**	5.04	5.11	**3.74**	3.68	3.54	**5.40**	5.43	5.29	**4.91**	4.89	4.49	**5.55**	5.43	4.82
Montenegro	**5.59**	5.59	5.19	**6.46**	6.50	6.09	**6.26**	6.20	5.47	**5.86**	5.87	5.50	**5.52**	5.52	5.30	**6.10**	6.09	5.57
North Macedonia	**5.24**	5.21	4.99	**5.53**	5.61	5.94	**6.06**	5.89	4.97	**5.63**	5.65	5.33	**5.52**	5.49	5.14	**6.37**	6.26	5.40
Romania	**6.21**	6.20	5.90	**6.55**	6.56	6.15	**6.73**	6.74	5.99	**6.02**	6.05	5.95	**6.99**	6.99	6.72	**6.76**	6.70	6.45
Serbia	**5.35**	5.35	5.24	**6.20**	6.13	5.88	**5.55**	5.49	5.00	**5.87**	5.97	5.65	**5.64**	5.64	5.46	**6.44**	6.40	5.74
Türkiye	**5.52**	5.58	5.55	**6.24**	6.17	6.15	**5.42**	5.41	4.93	**5.20**	5.23	5.33	**6.94**	6.94	6.82	**6.14**	6.04	6.00
Eastern Europe and the Caucasus (EEC)																		
Armenia	**4.76**	4.74	4.24	**6.71**	6.57	5.99	**5.96**	5.76	5.37	**5.22**	5.26	4.93	**6.12**	6.12	5.35	**5.79**	5.66	5.14
Azerbaijan	**4.23**	4.19	4.11	**5.81**	5.79	5.39	**5.22**	5.05	4.73	**5.70**	5.70	5.41	**3.60**	3.56	3.64	**5.13**	5.16	5.57
Georgia	**5.00**	4.96	4.62	**6.35**	6.41	6.61	**5.61**	5.53	5.03	**5.40**	5.39	5.22	**5.76**	5.79	4.74	**6.52**	6.51	6.05
Moldova	**4.65**	4.63	4.47	**5.44**	5.30	4.72	**4.69**	4.69	4.33	**5.63**	5.64	5.49	**5.16**	5.17	4.71	**5.18**	5.16	5.12
Ukraine	**4.89**	4.89	4.99	**4.73**	4.57	4.32	**5.53**	5.46	5.10	**5.88**	5.88	5.59	**4.81**	4.83	4.11	**5.24**	5.23	5.25
Central Asia																		
Kazakhstan	**5.02**	4.97	4.82	**6.39**	6.40	5.80	**5.11**	5.11	4.69	**5.46**	5.51	5.23	**5.77**	5.80	5.33	**5.15**	5.17	5.01
Kyrgyz Republic	**3.88**	3.89	3.66	**4.30**	4.38	4.46	**4.85**	4.85	4.49	**4.81**	4.80	4.73	**4.45**	4.57	4.52	**4.71**	4.58	4.29
Mongolia	**4.29**	4.28	4.24	**5.46**	5.41	5.50	**4.65**	4.65	4.78	**5.52**	5.49	5.17	**4.67**	4.67	4.48	**5.65**	5.60	4.73
Tajikistan	**3.52**	3.51	3.33	**4.63**	4.72	4.34	**5.41**	5.42	5.13	**3.97**	4.00	3.85	**3.66**	3.66	3.12	**4.06**	3.99	3.34
Turkmenistan	**3.33**	3.32	3.34	**2.82**	2.89	3.03	**4.74**	4.72	4.69	**4.47**	4.47	4.19	**3.63**	3.65	3.63	**4.21**	4.23	4.41
Uzbekistan	**3.74**	3.74	3.50	**5.05**	5.08	4.82	**5.48**	5.48	4.91	**4.76**	4.75	4.35	**4.10**	4.10	3.49	**5.19**	5.18	4.24
Southern and eastern Mediterranean (SEMED)																		
Egypt	**3.48**	3.48	3.49	**5.69**	5.69	4.97	**4.96**	4.96	4.52	**4.07**	4.08	4.05	**4.64**	4.64	3.91	**5.70**	5.63	4.67
Iraq	**2.16**	2.20	1.96	**2.60**	2.72	2.68	**3.80**	3.80	3.81	**3.37**	3.38	3.35	**3.63**	3.59	3.13	**3.41**	3.39	2.68
Jordan	**4.66**	4.67	4.44	**6.11**	6.18	6.11	**5.32**	5.31	5.61	**4.82**	4.71	4.23	**5.40**	5.41	4.94	**5.66**	5.60	5.85
Lebanon	**4.44**	4.43	4.36	**3.61**	3.68	4.13	**4.90**	4.86	4.89	**4.12**	4.12	4.40	**3.15**	3.15	4.22	**5.20**	5.13	5.03
Morocco	**3.83**	3.76	3.77	**5.97**	5.91	5.62	**5.28**	5.27	5.17	**4.38**	4.40	4.27	**4.85**	4.85	4.64	**5.32**	5.22	5.04
Tunisia	**4.18**	4.23	4.42	**4.86**	4.87	5.27	**4.79**	4.79	4.65	**4.88**	4.86	4.84	**4.60**	4.60	4.09	**4.92**	4.86	4.67
West Bank and Gaza	**3.24**	3.21	2.86	**3.42**	3.51	3.55	**4.15**	4.15	3.96	**3.39**	3.40	3.46	**3.96**	3.96	3.77	**4.44**	4.41	3.99
Sub-Saharan Africa (SSA)																		
Benin	**2.94**	2.94	2.63	**4.52**	4.28	3.81	**4.47**	4.46	4.36	**4.24**	4.23	4.12	**3.49**	3.47	2.81	**3.35**	3.33	3.14
Côte d'Ivoire	**3.29**	3.18	2.92	**4.16**	3.89	3.97	**4.57**	4.57	4.23	**4.24**	4.23	3.88	**3.62**	3.61	3.02	**3.72**	3.64	3.30
Ghana	**2.98**	2.96	3.01	**5.12**	4.83	4.92	**4.53**	4.53	4.44	**4.27**	4.27	4.30	**4.26**	4.26	3.21	**3.20**	3.20	3.30
Kenya	**3.17**	3.27	3.60	**4.55**	4.44	4.39	**4.85**	4.84	4.67	**4.27**	4.25	4.33	**3.95**	3.93	3.30	**3.59**	3.55	3.89
Nigeria	**2.75**	2.83	2.83	**3.42**	3.34	3.57	**4.09**	4.09	3.75	**4.31**	4.29	4.27	**4.11**	4.10	3.17	**3.00**	2.97	3.17
Senegal	**2.93**	2.93	3.05	**4.84**	4.53	4.45	**4.52**	4.52	4.40	**3.83**	3.83	3.62	**3.43**	3.42	3.19	**3.83**	3.70	3.00

Source: EBRD.

Note: Scores are on a scale of 1 to 10, where 10 represents a synthetic frontier corresponding to the standards of a sustainable market economy. All scores have been updated following methodological changes and may differ from previously published versions. Owing to lags in the availability of underlying data, ATQ scores for the last two years may not fully correspond to developments in those calendar years. Exceptionally, Chapter 5 treats Greece as part of the SEE region.

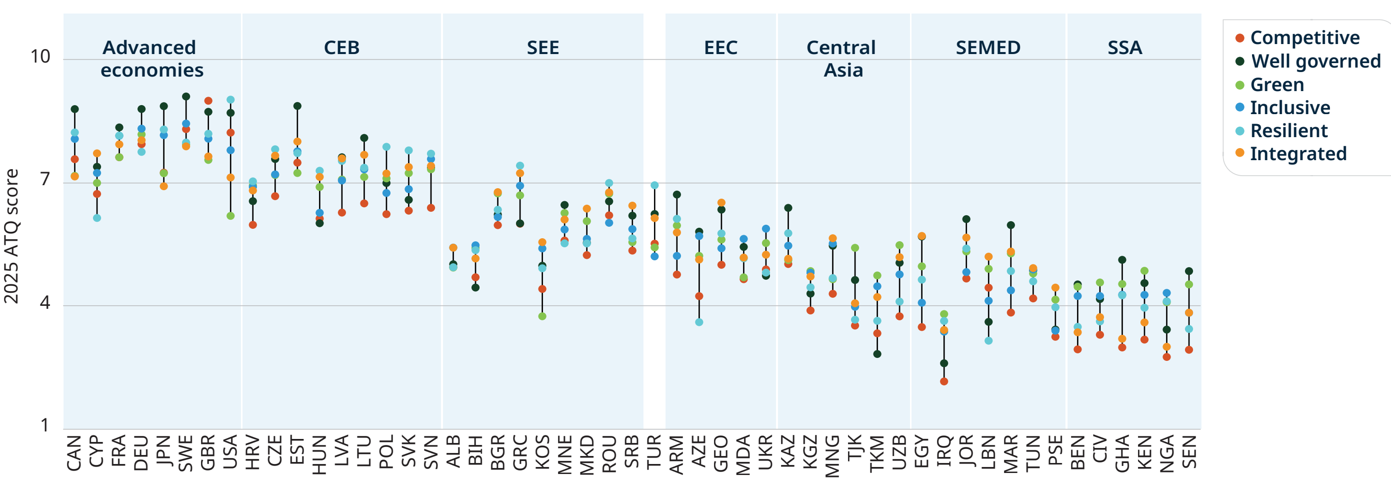
TABLE 5.2. ATQ scores for six key qualities of a sustainable market economy: comparators

	Competitive			Well governed			Green			Inclusive			Resilient			Integrated		
	2025	**2024**	**2016**	**2025**	**2024**	**2016**	**2025**	**2024**	**2016**	**2025**	**2024**	**2016**	**2025**	**2024**	**2016**	**2025**	**2024**	**2016**
Advanced economies																		
Canada	**7.57**	7.57	7.53	**8.80**	8.83	9.11	**7.17**	7.17	6.55	**8.07**	8.06	8.14	**8.23**	8.24	8.16	**7.15**	7.12	7.12
Cyprus	**6.73**	6.74	7.11	**7.39**	7.42	7.22	**6.99**	6.99	6.03	**7.24**	7.19	7.11	**6.14**	6.07	5.38	**7.72**	7.60	7.05
France	**7.62**	7.64	7.56	**8.35**	8.40	8.31	**7.62**	7.62	7.45	**8.14**	8.18	8.29	**8.15**	8.14	8.16	**7.94**	7.85	7.60
Germany	**7.94**	7.93	7.85	**8.80**	8.75	9.07	**8.18**	8.16	7.93	**8.32**	8.30	8.38	**7.75**	7.75	7.81	**8.04**	8.00	7.82
Japan	**7.25**	7.25	7.38	**8.87**	8.89	8.77	**7.23**	7.23	7.34	**8.16**	8.15	8.14	**8.30**	8.30	8.09	**6.91**	6.88	7.00
Sweden	**8.31**	8.30	8.05	**9.10**	9.12	9.33	**7.93**	7.93	7.73	**8.44**	8.47	8.57	**7.98**	8.06	7.92	**7.89**	7.76	7.71
United Kingdom	**9.00**	9.03	8.88	**8.73**	8.74	9.19	**7.56**	7.54	7.25	**8.07**	8.08	8.35	**8.19**	8.22	7.96	**7.64**	7.66	7.81
United States of America	**8.22**	8.22	8.26	**8.70**	8.80	8.85	**6.19**	6.19	6.76	**7.79**	7.77	7.79	**9.03**	9.03	8.87	**7.13**	7.28	7.16
Other comparators																		
Algeria	**2.37**	2.36	2.33	**3.50**	3.52	3.36	**3.27**	3.27	3.21	**4.06**	4.03	4.17	**3.81**	3.81	3.75	**3.36**	3.31	3.14
Bangladesh	**3.53**	3.53	3.43	**5.93**	5.89	5.76	**4.38**	4.38	4.13	**3.61**	3.60	3.61	**5.75**	5.75	5.31	**3.88**	3.86	4.26
Belarus	**4.98**	4.96	4.66	**4.54**	4.64	4.80	**5.50**	5.56	5.54	**5.48**	5.51	5.66	**3.81**	3.78	3.39	**6.20**	6.16	5.32
Brazil	**4.75**	4.77	4.49	**5.97**	5.98	6.06	**5.98**	5.98	5.85	**5.44**	5.44	5.37	**6.17**	6.19	5.70	**5.02**	4.95	4.89
Colombia	**4.41**	4.44	4.40	**6.51**	6.50	6.38	**5.81**	5.75	5.59	**4.91**	4.91	5.01	**5.90**	5.92	5.59	**5.58**	5.54	5.01
Libya	**2.12**	2.15	2.06	**2.35**	2.43	2.38	**3.04**	3.04	3.01	**3.43**	3.43	3.52	**3.56**	3.39	3.12	**3.50**	3.33	2.86
Mexico	**4.77**	4.83	4.79	**6.25**	6.34	6.38	**5.52**	5.51	5.43	**5.03**	5.04	4.91	**6.13**	6.17	5.66	**5.73**	5.73	5.50
Russia	**5.36**	5.34	5.41	**5.45**	5.52	5.58	**5.63**	5.63	5.11	**5.01**	5.03	4.92	**6.36**	6.36	5.72	**4.72**	4.73	5.33
South Africa	**5.70**	5.68	5.73	**7.52**	7.44	8.02	**4.61**	4.61	4.76	**4.82**	4.82	4.83	**5.56**	5.56	5.10	**5.83**	5.74	5.70
Thailand	**5.35**	5.40	5.30	**7.12**	7.16	6.75	**5.39**	5.39	5.16	**5.15**	5.12	4.91	**6.00**	5.98	5.62	**6.23**	6.10	5.57

Source: EBRD.

Note: Scores are on a scale of 1 to 10, where 10 represents a synthetic frontier corresponding to the standards of a sustainable market economy. All scores have been updated following methodological changes and may differ from previously published versions. Owing to lags in the availability of underlying data, ATQ scores for the last two years may not fully correspond to developments in those calendar years.

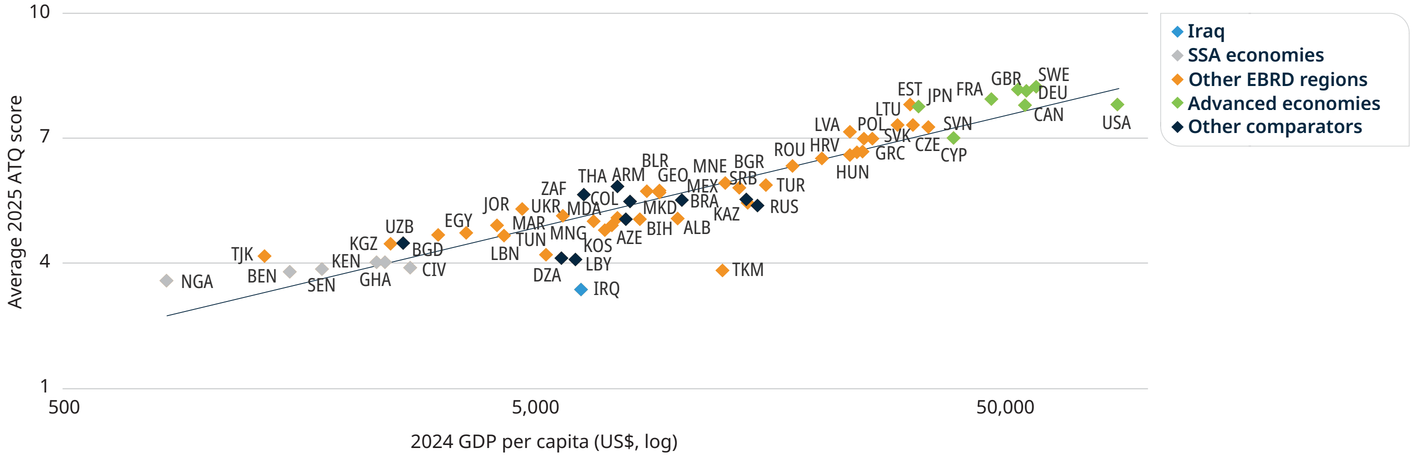
CHART 5.1. ATQ scores for six key qualities of a sustainable market economy



Source: EBRD.

Note: Scores are on a scale of 1 to 10, where 10 represents a synthetic frontier corresponding to the standards of a sustainable market economy.

CHART 5.2. Iraq's ATQ scores tend to be lower than its income per capita would imply



Source: EBRD, IMF data and authors' calculations.

Note: Simple average across six qualities for each economy. GDP per capita at market exchange rates (current prices in US dollars).

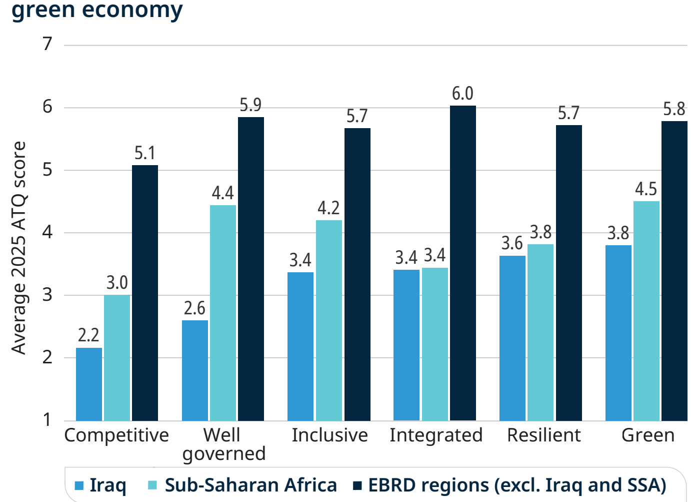
ASSESSMENT OF IRAQ

This year's assessment has been extended to incorporate Iraq (as well as Algeria and Libya as additional emerging-market comparators), following the inclusion of the EBRD's six SSA economies (Benin, Côte d'Ivoire, Ghana, Kenya, Nigeria and Senegal) in last year's assessment.

Overall, Iraq's scores tend to be lower, on average, than those of the other economies covered by this assessment, reflecting the general weakness of its economic and political institutions. The low scores contrast sharply with Iraq's income per capita (see Chart 5.2), whereas for most economies, ATQ scores and income per capita are closely aligned.[2] Indeed, the SSA economies' lower ATQ scores are generally consistent with their lower per capita income levels, as discussed in detail in the *Transition Report 2024-25*.[3] Underpinned by oil export revenues, Iraq's average per capita income is higher than that of many economies in Central Asia, the SEMED region and SSA.

When it comes to the individual qualities of a sustainable market economy, the gap between Iraq and other EBRD economies is larger for governance and competitiveness than for other transition qualities (see Chart 5.3). This largely reflects the low diversification and sophistication of the country's economy and the perceived weakness of its economic institutions. In contrast, the gap to the average for the EBRD regions is slightly smaller when it comes to the green economy and resilience. This is partly down to the relatively low waste intensity of Iraq's output, as well as its improved financial-sector stability, particularly with regard to lowering its non-performing loan (NPL) ratio.

CHART 5.3. The gap between Iraq and the rest of the EBRD regions is largest for governance and smallest for the green economy



Source: EBRD and authors' calculations.

Note: Simple averages of 2025 scores across all economies in each group.

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[2] See Carruthers and Plekhanov (2023).

[3] See EBRD (2024).

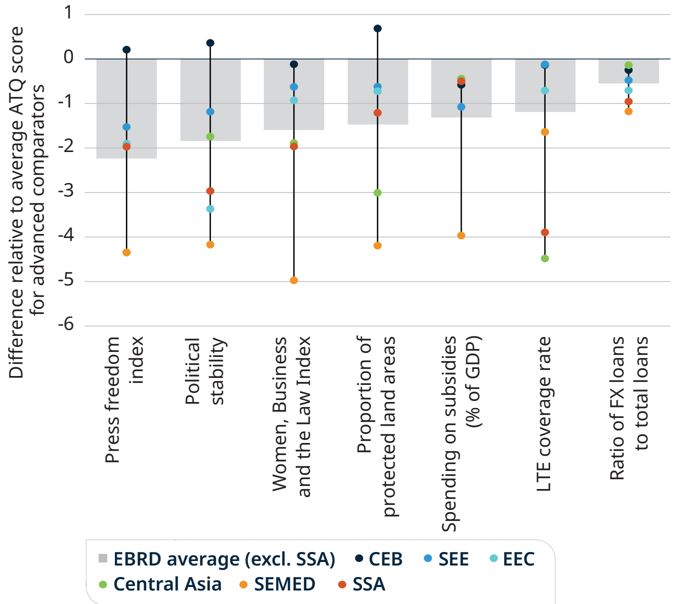
The gap between the SSA economies and the rest of the EBRD regions (excluding Iraq) is largest for economic integration

This pattern is different to that observed in the SSA economies, where the gap to the rest of the EBRD regions (excluding Iraq) is largest for economic integration.[4] Indeed, while the SSA economies score below the rest of the EBRD regions, on average, on a number of individual indicators, they outperform SEMED or other regions on others. Chart 5.4 presents several such examples. For instance, the SSA economies perform significantly better than SEMED, on the whole, when it comes to addressing legal barriers to the inclusion of women in the economy, as well as on measures of press freedom. They also tend to have comparable levels of spending on subsidies to other economies in the EBRD regions (expressed as a percentage of GDP), as well as similar ratios of foreign-denominated loans to total loans, and similar assessments for land conservation through the protection of terrestrial areas. In contrast, levels of broadband coverage in SSA are above those observed in Central Asia, but well below those of advanced economies and most other economies in the EBRD regions.

RECENT CHANGES IN SCORES

Since 2016, when the ATQ scores were first published, average scores for the EBRD regions have improved most in the areas of economic integration and the green economy, with least progress being observed in the areas of economic competitiveness and governance (see Chart 5.5). This picture is consistent with the earlier findings of the *Transition Report 2019-20*, which highlighted slow progress on governance improvements over the long term.[5]

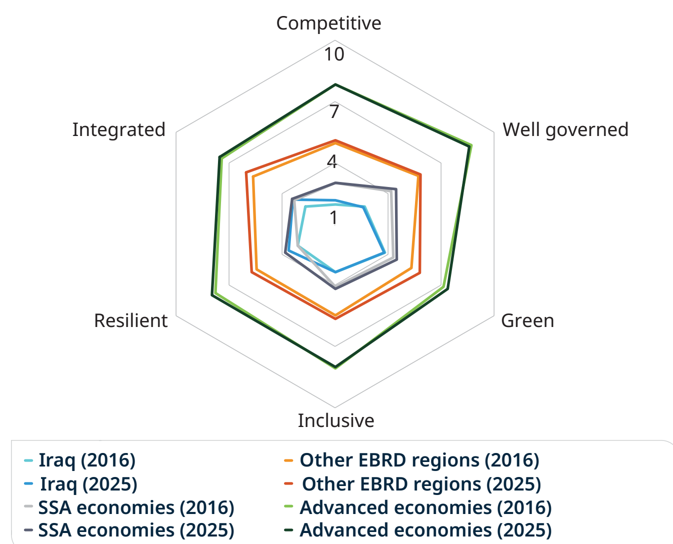
CHART 5.4. Gaps relative to advanced economies: selected indicators used in the ATQ scores



Source: EBRD and authors' calculations.

Note: Based on simple averages of 2025 scores across all economies in each group.

CHART 5.5. Since 2016, Iraq has made most progress in the areas of integration and resilience, with little progress in the areas of governance and the green economy



Source: EBRD and authors' calculations.

Note: Simple averages of 2025 and 2016 scores across all economies in each group.

[4] See EBRD (2024) and Chart 5.3.
[5] See EBRD (2019).

Of the six transition qualities, Iraq's ATQ score for integration has improved most between 2016 and 2025 (see Chart 5.5). This reflects the rollout of internet infrastructure and moderate enhancements to transport and trade infrastructure, with potential for further improvements in this area thanks to the advancement of the Development Road corridor – a project aimed at improving Europe-Asia connectivity by road and rail through Iraq. Notable improvements to ATQ scores have also been recorded in the area of resilience, primarily thanks to the greater stability of the banking sector, amid lower NPL ratios and higher levels of provisioning, as well as greater liquidity and the expansion of credit to the private sector. These improvements in ATQ scores are still modest, however, compared with the size of the gap to advanced economies or the average of economies in the EBRD regions.

In contrast, little progress has been observed since 2016 in the areas of competitiveness, inclusion and the green economy. Consequently, Iraq's ranking among the economies assessed has declined in the area of the green economy, and the country remains bottom of the list in the areas of competitiveness and inclusion.

CHANGES IN SCORES SINCE LAST YEAR

Changes to scores since the *Transition Report 2024-25* reflect the latest developments in the economies covered. The following analysis looks at differences between the updated scores for 2024 (as presented in Table 5.1, largely reflecting indicators for 2023) and the newly calculated scores for 2025 (which draw on the latest data available, often covering 2024).

Of the six transition qualities, Iraq's ATQ score for integration has improved most between 2016 and 2025

Across the six qualities of a sustainable market economy, ATQ score increases over the last year have been concentrated in the CEB and SEE regions and SSA, while declines have been observed primarily in SEMED and Central Asia, contributing to further divergence between the average scores across economies.

Across the EBRD regions, the largest improvements, on average, have been in the areas of integration, competitiveness and the green economy.

Integration scores have increased significantly in Armenia, Kosovo, the Kyrgyz Republic and Senegal, mainly driven by increased trade volumes (as a percentage of GDP) and higher net foreign direct investment (FDI) inflows. In the case of Kosovo and Senegal, the improvements also reflect greater affordability of broadband services. Lower scores in Hungary and Estonia, meanwhile, largely reflect declines in net FDI inflows as a percentage of GDP.

There have been notable increases in the competitiveness scores of Azerbaijan, Côte d'Ivoire, Georgia, Kazakhstan and Morocco, primarily as a result of lower import tariffs (with the exception of Georgia) – in contrast to the vast majority of economies in the EBRD regions, where average import tariff rates have increased, mirroring recent developments in the global economy.[6] The higher scores also reflect the expansion of domestic credit to the private sector and modest increases in average labour productivity.

On the green economy, Armenia, Azerbaijan and North Macedonia have seen considerable score increases

[6] See EBRD (2025).

following the introduction of new protected areas for the conservation of biodiversity, as well as moderate increases in electricity production from renewable sources.

At the same time, scores for economic inclusion and governance have continued to decline, on average, contributing to the large and persistent gap relative to advanced economies (see Chart 5.5).

Increases in economic inclusion scores in Czechia and Jordan reflect an increase in the number of firms saying they offer training to their employees, as well as a rise in labour productivity. Inclusion scores have declined in Kazakhstan and Serbia as a result of lower labour-force participation rates, as well as a reduction in the proportion of firms that say they provide training to employees.

In the area of economic governance, improvements, albeit from a low base, have been observed in Benin, Côte d'Ivoire, Ghana and Senegal as a result of greater perceived press freedom and advances when it comes to the perception of corruption and e-government participation. The decline in Iraq's economic governance score is down to a deterioration in perceived media freedom, while Tajikistan's lower sub-score for compliance with anti-money laundering and countering the financing of terrorism (AML/CFT) standards and its worsening perception-of-corruption score have weighed on its overall governance score.

Across the EBRD regions, the changes in average scores for resilience have been relatively minor and driven by shifts in financial-sector stability. Notable improvements in financial resilience scores have been observed in Albania, Azerbaijan and Iraq. In Albania and Azerbaijan, the increases reflect improvements in loan-to-deposit ratios, declines in foreign-denominated loans and better NPL provisioning. In Iraq, the improvements have mainly been down to a higher return on assets in the banking sector and a lower proportion of foreign-denominated loans. Resilience scores have declined in a number of Central Asian economies, most notably the Kyrgyz Republic, due to higher NPL ratios, reduced provisioning for NPLs and lower liquidity ratios.

FOCUS ON ECONOMIC INTEGRATION

The next section looks more closely at economic integration in nine distinct areas: road infrastructure, rail infrastructure, air transport, port operations, waste management, water and wastewater, energy, telecoms, and trade and investment. Tables 5.3 and 5.4 present the latest assessment for each of these areas, as well as the overall scores for economic integration.

For instance, the telecoms score is an average of indicators that take into account the penetration of fixed

TABLE 5.3. ATQ scores for integration in various areas: EBRD regions

	Road infrastructure	Rail infrastructure	Air transport	Port operations	Waste management	Water and wastewater	Energy	Telecoms	Trade and investment
Central Europe and the Baltic states									
Croatia	5.52	4.26	3.44	6.24	5.72	7.22	8.11	7.45	7.37
Czechia	6.12	6.54	3.71	5.09	7.42	8.30	8.81	7.67	7.69
Estonia	6.82	4.76	3.39	6.22	8.59	7.26	7.67	8.29	8.43
Hungary	6.46	5.54	3.89	5.51	7.21	8.82	8.49	7.96	7.36
Latvia	5.04	4.14	3.55	5.14	6.20	7.32	8.66	8.33	7.66
Lithuania	6.36	4.29	3.52	6.06	8.28	7.93	7.46	7.87	7.87
Poland	6.44	6.29	4.39	5.95	7.97	7.96	8.85	7.08	7.45
Slovak Republic	5.51	5.66	2.66	5.36	7.54	6.95	8.69	7.06	8.25
Slovenia	7.08	5.19	2.40	5.73	7.35	7.42	8.70	8.23	7.93
South-eastern Europe									
Albania	4.59	1.79	2.94	4.53	1.72	5.28	8.07	5.86	6.32
Bosnia and Herzegovina	3.62	4.28	2.31	4.13	2.01	4.77	7.86	5.60	5.95
Bulgaria	4.01	5.40	3.37	4.78	6.57	7.16	8.54	7.70	7.29
Greece	6.00	4.37	5.38	7.64	5.94	8.23	8.04	7.73	7.12
Kosovo	2.86	1.79	1.76	3.09	1.26	3.92	6.86	5.43	5.88
Montenegro	3.85	4.67	2.50	4.16	1.60	5.58	7.57	6.98	7.39
North Macedonia	4.41	3.32	2.73	3.09	4.24	4.96	7.55	7.17	7.47
Romania	3.70	4.50	3.60	5.43	5.76	6.27	8.53	7.20	6.93
Serbia	4.14	4.02	3.06	5.07	3.45	3.51	7.59	6.33	6.78
Türkiye	5.76	4.67	8.40	7.21	4.08	7.10	8.60	6.01	6.34
Eastern Europe and the Caucasus									
Armenia	2.68	4.65	2.16	2.20	2.14	3.80	8.22	5.41	6.24
Azerbaijan	4.29	4.59	3.49	6.12	2.54	5.01	7.94	5.69	5.12
Georgia	3.60	5.70	3.07	4.18	5.00	4.66	8.06	5.76	6.31
Moldova	3.07	4.19	2.36	3.53	2.46	3.72	7.45	6.18	5.96
Ukraine	3.59	4.15	2.79	3.60	2.77	5.56	7.10	5.32	6.38
Central Asia									
Kazakhstan	2.76	3.33	2.77	3.75	3.56	5.25	7.69	5.63	5.87
Kyrgyz Republic	2.27	1.55	1.43	1.67	1.58	5.26	6.79	5.04	6.17
Mongolia	2.12	2.14	1.69	1.87	1.54	4.86	6.79	5.03	6.94
Tajikistan	3.06	2.45	2.04	2.98	1.99	4.28	6.85	3.72	4.98
Turkmenistan	2.02	1.65	1.52	1.67	5.31	5.76	6.21	3.29	5.35
Uzbekistan	4.36	3.97	2.79	4.53	2.32	6.47	7.70	5.88	5.21
Southern and eastern Mediterranean									
Egypt	4.71	3.59	4.40	6.81	2.38	5.95	6.42	4.97	5.26
Iraq	2.06	1.92	1.70	3.57	1.30	5.11	5.26	4.84	4.36
Jordan	3.84	2.57	3.54	4.51	3.07	7.59	7.52	5.59	5.58
Lebanon	2.84	2.28	2.71	4.23	4.71	4.55	7.59	4.24	5.46
Morocco	3.49	4.24	2.98	5.73	2.85	6.23	7.39	5.19	5.72
Tunisia	2.96	2.32	1.89	3.74	3.56	7.59	6.24	4.90	5.93
West Bank and Gaza	2.06	1.92	1.70	4.49	1.30	4.80	5.69	4.11	5.42
Sub-Saharan Africa									
Benin	4.14	2.27	3.01	5.14	3.95	2.73	3.29	3.28	4.21
Côte d'Ivoire	4.18	2.90	3.12	4.46	2.04	3.08	4.27	3.92	4.67
Ghana	3.11	1.75	2.13	3.85	3.19	2.98	6.39	4.31	3.63
Kenya	3.67	2.92	3.19	4.20	3.44	3.70	4.05	3.71	2.91
Nigeria	2.56	2.03	2.16	3.28	2.79	2.95	3.43	3.80	2.63
Senegal	2.70	2.14	1.96	3.90	2.04	2.58	4.81	4.13	5.96

Source: EBRD.

Note: Scores are on a scale of 1 to 10, where 10 represents a synthetic frontier corresponding to the standards of an integrated market economy.

TABLE 5.4. ATQ scores for integration in various areas: comparators

	Road infrastructure	Rail infrastructure	Air transport	Port operations	Waste management	Water and wastewater	Energy	Telecoms	Trade and investment
Advanced economies									
Canada	6.46	6.23	7.32	6.90	5.71	7.66	8.57	8.73	5.16
Cyprus	6.08	5.72	3.37	4.76	5.01	7.76	9.86	8.92	8.37
France	7.95	6.64	7.71	7.88	8.42	8.36	9.15	8.69	6.63
Germany	8.01	7.17	8.89	7.86	8.33	8.84	9.61	8.37	6.72
Japan	9.69	7.74	9.78	8.72	8.75	8.05	9.54	7.79	5.09
Sweden	7.78	6.69	5.09	6.56	8.59	8.55	9.28	8.87	7.52
United Kingdom	7.45	5.99	7.15	8.17	8.45	8.30	9.33	8.42	6.94
United States	5.11	6.42	8.92	8.90	6.49	7.26	9.22	9.22	5.43
Other comparators									
Algeria	2.83	2.44	1.88	4.38	4.80	6.17	6.61	4.86	4.39
Bangladesh	5.83	2.79	2.63	3.99	5.08	3.24	7.41	4.48	3.07
Belarus	4.38	4.91	2.79	4.54	6.30	6.80	7.74	5.90	6.45
Brazil	5.11	2.78	5.62	5.07	3.61	5.72	6.88	6.89	4.10
Colombia	4.99	2.23	4.43	5.68	3.82	4.13	8.66	5.42	4.92
Libya	2.34	2.20	1.98	2.61	1.30	3.43	5.16	4.64	5.43
Mexico	5.23	2.84	5.00	5.37	3.75	5.91	8.08	5.75	5.49
Russia	3.21	4.14	3.89	3.75	1.74	5.98	6.97	5.84	5.56
South Africa	6.25	3.70	4.60	6.09	4.49	5.76	6.65	5.30	5.95
Thailand	6.72	3.49	5.52	6.95	4.20	3.57	7.76	6.86	6.05

Source: EBRD.

Note: Scores are on a scale of 1 to 10, where 10 represents a synthetic frontier corresponding to the standards of an integrated market economy.

broadband; the percentage of the population using the internet; the price of mobile data services; 4G and 5G data coverage (measured as a percentage of the population); the download speed of mobile and fixed broadband; and the number of data centres. The road infrastructure score, meanwhile, takes into account road network density; the prevalence of motorways/highways; the amount of road traffic; road safety; and the quality of transport infrastructure based on the Logistics Performance Index compiled by the World Bank.[7] A similar approach is followed to construct integration indicators in all other areas (see Table 5.5).

[7] See World Bank (n.d.).

TABLE 5.5. Assessment of economic integration in specific areas: indicators

Dimension	Indicators	Source
Road infrastructure	Quality of roads (1-7) Road density (km/surface area) Motorway/highway density (km/surface area) Road safety (number of road injuries and fatalities, per 100,000 individuals) Logistics Performance Index	WEF Travel and Tourism Development Index, 2024 International Road Federation World Road Statistics, 2023 OECD International Transport Forum, 2022 OECD International Transport Forum, 2022 World Bank, 2023
Rail infrastructure	Efficiency of train services (1-7) Railroad density (km/surface area) Share of electrified rail lines (proportion of total rail lines) Logistics Performance Index	WEF Travel and Tourism Development Index, 2024 WEF Travel and Tourism Development Index, 2024 OECD International Transport Forum, 2022 World Bank, 2023
Air transport	Airport connectivity Efficiency of air transport services (1-7) Air transport freight (million tonnes/km) Logistics Performance Index	WEF Travel and Tourism Development Index, 2024 WEF Travel and Tourism Development Index, 2024 World Bank, 2022 World Bank, 2023
Port operations	Efficiency of port operations (1-7) Port Connectivity Index Ability to arrange competitively priced shipments (1-5)	WEF Travel and Tourism Development Index, 2024 World Bank, 2024 World Bank, 2023
Waste management	Municipal waste generation per capita Waste recovery rate (% of total municipal waste) Hazardous waste control	Yale Environmental Performance Index, 2024 Yale Environmental Performance Index, 2024 Yale Environmental Performance Index, 2024
Water and wastewater	Wastewater generated per capita Wastewater collected (% of wastewater) Wastewater treated (% of wastewater) Wastewater reused (% of wastewater) Proportion of the population with access to drinking water Proportion of the population with access to sanitation	Yale Environmental Performance Index, 2024 Yale Environmental Performance Index, 2024 Yale Environmental Performance Index, 2024 Yale Environmental Performance Index, 2024 World Bank, 2023 World Bank, 2023
Energy	Access to electricity (proportion of rural population) Electricity power transmission and distribution losses (% of output) Energy intensity (MJ per 2017 USD PPP) Reliability of electricity supply	World Bank, 2023 World Bank, 2023 IEA, United Nations Statistics Division, 2022 World Bank B-READY, 2024
Telecoms	Mobile broadband basket price Fixed broadband subscriptions (per 100 inhabitants); fibre broadband subscriptions (per 100 inhabitants) Number of internet users (per 100 individuals) LTE coverate rate; 5G coverage rate Number of data centres (per 1 million individuals) Mobile broadband download speed; fixed broadband download speed	International Telecommunication Union, 2024 International Telecommunication Union, 2024 International Telecommunication Union, 2024 International Telecommunication Union, 2024 Data Centre Map, 2024 GSM Association, Ookla, 2024
Trade and investment	Trade volume (% of GDP) Number of regional trade agreements Number of non-tariff measures Binding overhang ratio FDI net inflows (% of GDP) Global Value Chain (GVC) Participation Index	World Bank, 2024 World Trade Organization, 2024 World Trade Organization, 2024 World Trade Organization, 2024 International Monetary Fund, 2024 UN Trade and Development, EBRD calculations, 2018

Source: EBRD.

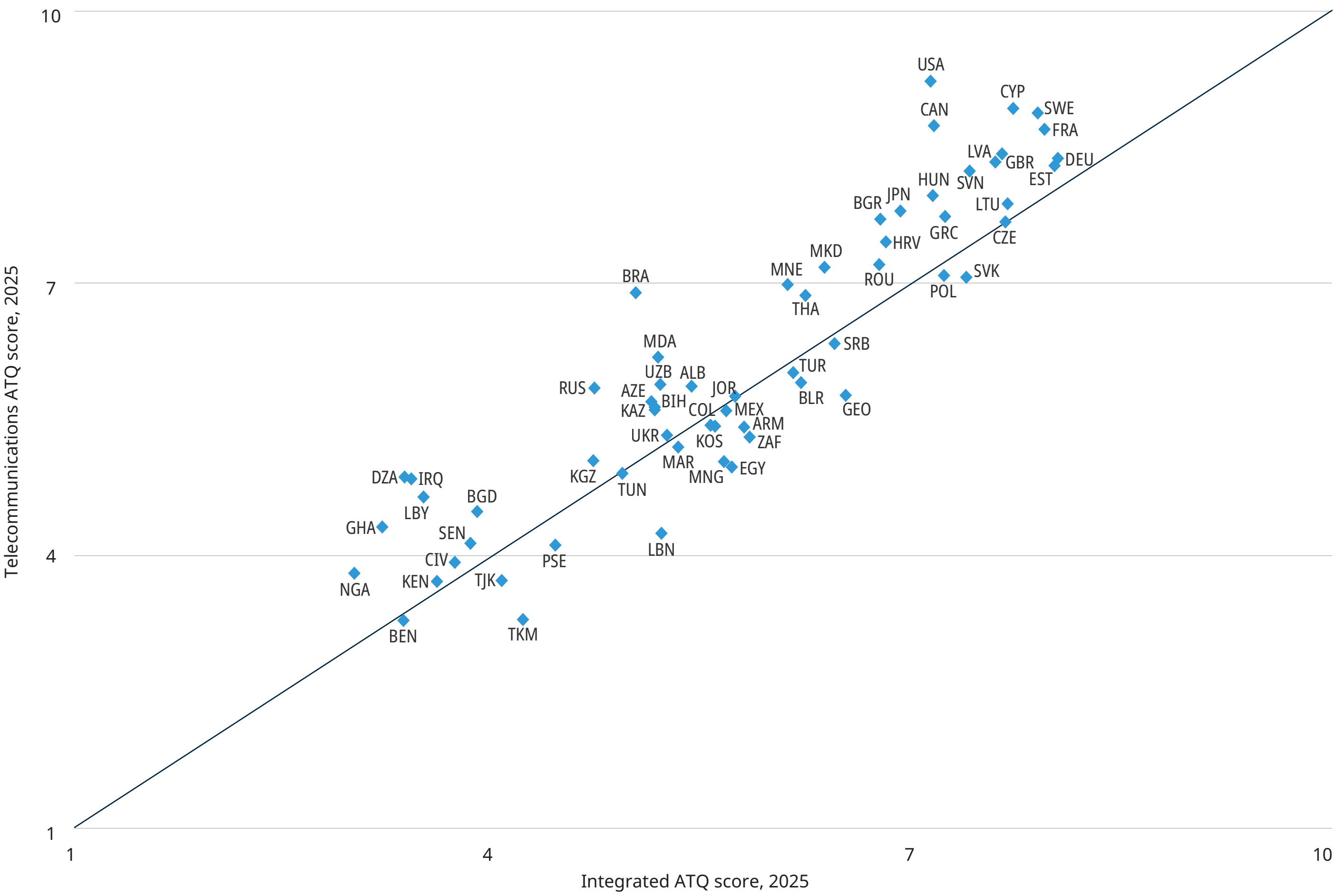
Note: All indicators are given equal weight.

Unsurprisingly, the integration indicators in the area of telecommunications are generally closely aligned with the overall integration score (so economies tend to be positioned close to the 45-degree line in Chart 5.6). A similar pattern holds for other areas of economic integration, including infrastructure and trade and investment.

At the same time, the analysis reveals some significant outliers that are more distant from the 45-degree line. For instance, telecoms integration is assessed as being more advanced in Brazil and the United States on account of the high speed and penetration of fibre to the home (so the corresponding dots lie above the 45-degree line). In contrast, telecoms integration scores are lower in Egypt, Georgia, Lebanon and Turkmenistan (so the corresponding dots lie below the 45-degree line), owing to the lack of 5G rollout, low mobile internet speeds and the low number of data centres. In Lebanon and Turkmenistan, the lower scores also reflect the low penetration of fixed broadband infrastructure.

Similarly, assessments in other areas of integration reveal occasional, but significant, deviations from a country's overall integration score. The largest deviations in all areas, both positive and negative, are summarised in Table 5.6.

CHART 5.6. **Telecommunications integration scores and overall integration scores are closely aligned**



Source: EBRD.

Note: 45-degree line shown.

TABLE 5.6. Largest deviations in integration ATQ sub-scores from overall integration ATQ scores

Economy	Dimension	Deviation from overall integrated score	Economy	Dimension	Deviation from overall integrated score
	Positive deviations			Negative deviations	
1 Bangladesh	Energy	3.5	1 Montenegro	Air transport	-3.6
2 Algeria	Energy	3.2	2 Albania	Rail infrastructure	-3.6
3 Ghana	Energy	3.2	3 Armenia	Air transport	-3.6
4 Colombia	Energy	3.1	4 North Macedonia	Air transport	-3.6
5 Japan	Air transport	2.9	5 Armenia	Waste management	-3.7
6 Azerbaijan	Energy	2.8	6 Albania	Waste management	-3.7
7 Algeria	Water and wastewater	2.8	7 Kosovo	Rail infrastructure	-3.8
8 Tajikistan	Energy	2.8	8 Mongolia	Port operations	-3.8
9 Japan	Road infrastructure	2.8	9 Kosovo	Air transport	-3.8
10 Bosnia and Herz.	Energy	2.7	10 Czechia	Air transport	-3.9
11 Tunisia	Water and wastewater	2.7	11 Mongolia	Air transport	-4.0
12 Albania	Energy	2.6	12 Latvia	Air transport	-4.0
13 Japan	Energy	2.6	13 Mongolia	Waste management	-4.1
14 Kazakhstan	Energy	2.5	14 Lithuania	Air transport	-4.2
15 Uzbekistan	Energy	2.5	15 Kosovo	Waste management	-4.3
16 Türkiye	Energy	2.5	16 Cyprus	Air transport	-4.3
17 Armenia	Energy	2.4	17 Montenegro	Waste management	-4.5
18 Lebanon	Energy	2.4	18 Estonia	Air transport	-4.6
19 Mexico	Energy	2.3	19 Slovak Republic	Air transport	-4.7
20 Moldova	Energy	2.3	20 Slovenia	Air transport	-5.0

Source: EBRD.

Note: Scores are on a scale of 1 to 10, where 10 represents a synthetic frontier corresponding to the standards of an integrated market economy.

The largest outliers can be found in the areas of energy, air transport and waste management. The energy connectivity index, for instance, focuses on the quality and reliability of the electricity supply, the energy intensity of production and access to electricity in rural areas. Most economies in the EBRD regions (outside SSA) tend to score better on this dimension owing to their full electricity coverage in rural areas. Many economies in those regions lag, in contrast, when it comes to air connectivity and freight transport. In the area of waste management, economies in the EBRD regions tend to have lower waste recovery rates, but tend to score better in terms of waste generation per capita than advanced economy comparators.

Some deviations reflect an explicable lack of demand for certain types of connectivity. Small countries do not require as much domestic connectivity by air as large countries, for example, while landlocked countries with few (if any) navigable rivers, such as Mongolia, naturally have low scores in the area of port infrastructure development.

These distinctions highlight the value of a more granular analysis of economic integration that unpicks economies' relative strengths and weaknesses in certain areas, in addition to the overall integration score, which takes into account multiple components that may deviate from one another.

CONCLUSIONS

This chapter presents the EBRD's annual assessment of the six qualities of a sustainable market economy in its regions and a number of comparator economies. For the first time, it extends the calculations to Iraq, as well as Algeria and Libya as additional emerging-market comparators. These scores are likely to be updated further in the coming years, alongside the introduction of more detailed sectoral sub-scores for other qualities of a sustainable market economy, such as inclusion and governance.

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NOTES

ABBREVIATIONS

AI	artificial intelligence
AML/CFT	anti-money laundering and countering the financing of terrorism
ARDECO	Annual Regional Database of the European Commission
ART	assisted reproductive technology
ASPIRE	World Bank Atlas of Social Protection Indicators of Resilience and Equity
ATQ	assessment of transition qualities
CEB	central Europe and the Baltic states
CEO	chief executive officer
CV	curriculum vitae
EEA	European Economic Area
EEC	eastern Europe and the Caucasus
EIB	European Investment Bank
ESG	environmental, social and governance
ESS	European Social Survey
ESSPROS	European System of Integrated Social Protection Statistics
EU	European Union
EU LFS	EU Labour Force Survey
EVS	European Values Survey
FDI	foreign direct investment
FSP	financial service provider
GDP	gross domestic product
ICLS	International Conference of Labour Statisticians
IMF	International Monetary Fund
IMPIC	Immigration Policies in Comparison
ISCO	International Standard Classification of Occupations
ISSP	International Social Survey Programme
IT	information technology
LiTS	Life in Transition Survey
MERCOSUR	Southern Common Market
MPD	Manifesto Project Dataset
NEET	not in employment, education or training
NPL	non-performing loan
NUTS	Nomenclature of Territorial Units for Statistics
OCC1990	A modified version of the occupational classification scheme used for the 1990 US census
OECD	Organisation for Economic Co-operation and Development
OeNB	Austrian National Bank
OLS	ordinary least squares
R&D	research and development
RILE Index	Right-Left Index
SEE	south-eastern Europe
SEMED	southern and eastern Mediterranean
SMEs	small and medium-sized enterprises
SOC	Standard Occupational Classification
SSA	sub-Saharan Africa
STEM	science, technology, engineering and mathematics
TFP	total factor productivity
UK	United Kingdom
UNDESA	United Nations Department of Economic and Social Affairs
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF MICS	United Nations Children's Fund Multiple Indicator Cluster Surveys
UN WPP	United Nations World Population Prospects
US	United States
V-Dem	Varieties of Democracy
WIPO	World Intellectual Property Organization
WVS	World Values Survey

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