

# Executive summary

**In 2016 the Life in Transition Survey (LiTS) covered 51,000 households in 29 transition countries as well as Cyprus, the Czech Republic, Greece and two western European comparator countries (Germany and Italy). This report discusses the major themes that have emerged from data analysis so far and provides detailed assessments for each individual country.**

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An important first finding of LiTS III is that people's life satisfaction has increased across post-communist countries compared to the situation in 2006 and 2010. As a result, there has been a convergence with the western European comparator countries: the "happiness gap" has closed. Moreover, people in most transition countries are now also more optimistic about the future of younger generations than their counterparts in western Europe – even when controlling for a wide variety of characteristics such as education, income, unemployment, and so on. Life satisfaction reflects many different factors and the first chapter of this report therefore draws together observations about survey respondents' satisfaction with public services and utilities, their material well-being, their attitudes towards minorities and their perceptions of income inequality.

A second core finding discussed in this report is that while levels of corruption have decreased since 2006, both in terms of people's perceptions and their actual experiences, corruption levels still remain relatively high and consequently continue to dominate reform debates across the transition region. Based on the LiTS III data, this report also analyses how corruption erodes people's trust in various institutions and reduces their satisfaction with public services.

Third, the data collected as part of LiTS III show that while educational attainment is relatively equal for men and women in the transition region, such gender equality is not yet reflected in labour market outcomes. This implies that there is still much untapped economic potential in many transition countries. When it comes to paid work, women are less likely to work full-time and are less engaged in the workforce than men. In terms of unpaid work, women bear a disproportionate share of the housework and caring for their families. Many countries surveyed also show a strong preference for traditional family arrangements where the man earns the income and the woman takes care of the children and the home.

The last part of the report examines the impact of the economic crisis on Greek households. This impact has been deep and widespread, affecting over 92 per cent of all Greek respondents. The economic hardships suffered by Greek respondents are reflected in the overall life satisfaction results where Greece currently ranks last among all the surveyed countries. This result is particularly striking as it holds even after controlling for various characteristics of the respondents and when contrasting Greece with countries on a similar level of income. While 48, 42 and 72 per cent of Cypriot, Italian and German respondents, respectively, are satisfied with their lives, this is true for only 24 per cent of those surveyed in Greece.

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## Life satisfaction in the transition region

According to LiTS III, the 10 “happiest” countries can be found in Central Asia and in central Europe and the Baltic states. In contrast, Russia, eastern Europe and the Caucasus, and south-eastern Europe rank at the bottom of the life satisfaction index. Greece has the lowest proportion of respondents who are currently satisfied with their lives, followed by Moldova, Ukraine and Armenia. On average, however, life satisfaction is higher in 2016 than it was in 2006 in almost all the countries that were surveyed in both years. As a result, the life satisfaction (or “happiness”) gap between the transition region and western European comparator countries has finally closed. Moreover, people in most transition countries are currently more optimistic about the future of younger generations than their counterparts in the western European comparators (Germany and Italy).

Satisfaction with public services tends to be higher in central Europe and the Baltic states and in Turkey, and generally lower in Central Asia and in eastern Europe and the Caucasus, although there is considerable variation across individual countries. On average, people are most satisfied with public education (vocational, primary and secondary) and when making requests for official documents. By contrast, people are not satisfied with the quality of local roads in many countries.

LiTS III respondents were also asked which groups of people they would not like to have as neighbours. On average, there has been a positive change in disclosed tolerance towards ethnic and sexual minorities compared to 2010, but the levels remain below those found in the western European comparator countries (Germany and Italy). However, people in the transition region appear to have become slightly less tolerant of immigrants.



## Governance in the transition region

The average perception of corruption has fallen in the transition region compared to 2006. However, a more detailed analysis shows that the frequency of irregular payments in the health care sector (16 per cent) and when dealing with traffic police (9 per cent) is still high across much of the transition region. The nature of irregular payments also differs by type of public service. About a quarter of such payments related to education appear to be motivated by the desire to express gratitude whereas unofficial payments to traffic police, civil courts or social security services are mostly made because of explicit or implicit requests.

When it comes to people’s willingness to report corruption, the LiTS III results show that there is substantial variation across individuals as to whether they think fighting corruption is possible. For instance, male respondents, active volunteers, highly-educated people and those with higher incomes are less likely to say that there is nothing they can do to fight against corruption.

Chapter 2 of this report also shows that levels of trust in institutions have fallen considerably since 2010. Institutional trust is generally higher in Central Asia and south-eastern Europe and lower in eastern Europe and the Caucasus. Overall, people tend to trust their police, armed forces, president or prime minister, and religious institutions while only about two-fifths of respondents have confidence in their government.

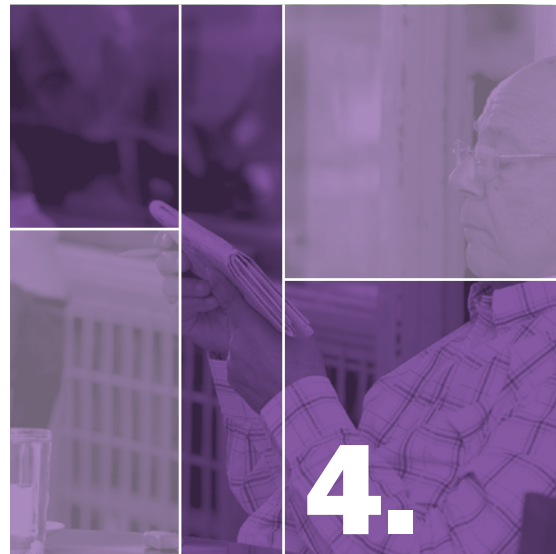


## Gender in the transition region

The results of LiTS III show that while educational attainment is relatively equal for men and women in the transition region, such gender equality is not yet reflected in labour market outcomes. Overall, there are higher percentages of women than men with a minimum of a tertiary education in Russia as well as in eastern Europe and the Caucasus and in central Europe and the Baltic states. By contrast, more men than women have post-secondary education in Central Asia, south-eastern Europe and Turkey (as well as Germany and Italy). The results show that women's education can be limited in cultures where marrying and starting a family at an early age is the social norm. More specifically, there is a negative correlation at the country level between teenage fertility and the female-to-male tertiary education enrolment ratio.

Women are less likely than men to be in employment, particularly full-time employment, in all countries, including the western European comparators Germany and Italy. Interestingly, this difference is driven by the partnered sample – partnered women are 17.2 percentage points less likely to be working full-time than partnered men. Among non-partnered women the full-time employment gap is substantially smaller (only 3.1 percentage points). In addition, women with children and women who reside in rural areas are less likely to be in full-time employment compared to men in similar circumstances.

Across all regions, men are more likely to report that they tried to set up a business and they are also about twice as likely to be entrepreneurs as women. When asked about the main reasons for not being able to set up a business, both male and female respondents cite insufficient funding, a change in personal situation, and too much bureaucracy as the main barriers that hold back entrepreneurship.

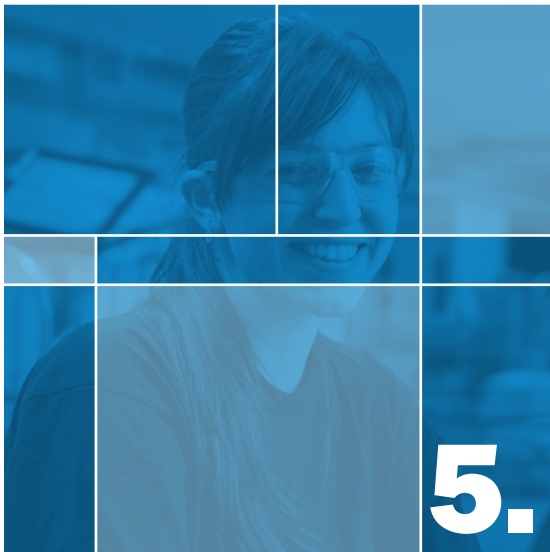


## The impact of the crisis on households in Greece

LiTS III data indicate that the impact of the economic crisis in Greece has been deep and widespread. About 76 per cent of Greek households suffered a negative income shock, such as reduced wages or pensions, job losses, delayed or suspended wages and decreased working hours, between 2010 and 2016. In addition, over 92 per cent of those surveyed report that their household was severely affected by economic hardship due to the crisis and the ensuing austerity measures. The impact was heterogeneous, with ethnic minorities, larger families, and households with a female or lower-educated head all more likely to have been (severely) affected.

A comparison of the coping strategies that people adopted shows that families that responded to the challenges in a proactive way, either by increasing their number of working hours or seeking an additional job, are less likely to have been affected by the crisis. The gender and the education level of the household head affects the type of coping strategy adopted: female-headed households and less-educated households were more likely to resort to reducing their consumption of staple foods or cutting back on essential medical expenditures.

An analysis of the perceptions and attitudes of Greek respondents shows that the crisis has had far-reaching consequences. Today, only 1 in 10 Greeks is satisfied with their financial situation and 1 in 4 is satisfied with their life in general. In addition, less than half of the population can afford to meet unexpected expenses. Importantly, respondents who were not affected by the crisis report levels of subjective and material well-being similar to those of German and Italian respondents. Lastly, distrust of the national political institutions, such as the president, the government and the parliament, is widespread.



## Annex: The survey and the sampling methodology

The LiTS is a combined household and attitudinal survey that collects information on the socio-economic status of respondents and includes perception-based questions on various economic, political and social topics. The third round of LiTS (LiTS III) was conducted between the end of 2015 and the beginning of 2016 in 34 countries, comprising 32 countries where the EBRD invests and two Western European comparators, Germany and Italy.

The LiTS III survey instrument includes nine modules (10 in Greece, where an additional module on the impact of the crisis was administered). The first two collect information on the characteristics of the household, the dwelling they live in and their consumption habits. The remaining modules gather information on asset ownership, working history, entrepreneurial activities, attitudes and perceptions of corruption of the primary respondent. Two modules, namely those on asset ownership and working history, are also asked of a secondary respondent, who is of the opposite gender to the primary respondent.

The survey was designed in two stages and stratified by geographical region and level of urbanity (urban or rural areas). In the first stage, 50 localities that were selected as part of the second round of the LiTS were revisited, and 25 new localities were drawn from the new sample frames in an attempt to rebalance the old sample based on the updated population information. In the second stage, 20 households were selected with equal probability within each Primary Sampling Unit (PSU). A total of 1,500 interviews per country were completed.

The survey was administered face-to-face by means of Computer-assisted Personal Interviewing (CAPI). In all households composed of at least two adult members of opposite genders, a primary and a secondary respondent were selected at random by the software.



## Country assessments

The country assessments in this report present the main results from the 2016 survey for each individual country and contrasts these with the LiTS II (2010) findings. The main outcome variables are also broken down by age and income groups. Comparisons with simple cross-country averages for the whole transition region and for the two western European comparator countries (Germany and Italy) are also drawn.