

# EBRD indices on institutional change

## Dimension - Institutional Arrangements

Associated Key Factor:

### Institutional capacity

#### Data Source:

European Bank for Reconstruction and Development

See working paper # 20 'A framework for a development strategy in a market economy: objectives, scope, institutions and instruments' (N. Stern and J. Stiglitz, date unknown). See also working paper # 60. See <http://www.ebrd.com/pubs/econ/worki ngp/60.pdf>

[www.ebrd.com](http://www.ebrd.com)

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#### General Availability:

Reporting unit: Country

Reporting level: Country

Reporting period: every 5 years

Data available from 1984 to 1999

### The indicator:

The EBRD indices of institutional change track institutional changes in transition economies.

### Description

The indices are only available for transition economies

Based on assessment across four dimensions:

- A. enterprises & households which are responsible for decisions concerning production and consumption;
- B. markets where agents interact and resources are allocated;
- C. financial institutions which determine how transactions occur & budget constraints are reinforced;
- D. legal systems which underpins the system of contracts and investments.

The latter is translated into 5 subjective ratings by EBRD pertaining to institutional change during transition, namely:

1. Governance and enterprise restructuring;
2. competition policy;
3. Banking reform and interest rate liberalisation;
4. securities markets and non-bank financial institutions
5. overall legal effectiveness and extensiveness.

### How is it measured?

Subjective ratings on the dimensions rating from 1 to 4+.

A score of 1 indicates very little institutional change relative to a situation in centrally planned economy. A score of 4+ indicates that the creation of market-supporting institutions in this area is largely complete as the standards of developed market economies have been reached.

### What are the advantages of the indicator?

Easy to understand and use indicator on institutional change.

### What are the disadvantages of the Indicator?

Only available for transition economies. Insofar as it is based on expert judgement, the selection of experts carrying out the evaluation is of major importance. Says little about the meso-level of institutional reform at either the government or economy level and leaves out major areas, like civil society and democracy.

### What is the policy relevance of the indicator?

This indicator assesses the level of institutional development in transition economies, i.e. to what degree have the institutions adapted themselves to the demands of market economies, thus have moved away from centrally planned economies.

### The Indicator is relevant for the following pathways of the FORESIGHT FOR TRANSPORT exercise:

	Transport Impact	External Determining Variable	Intermediate Variable	Contextual Information
A reorientation of European transport policy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>