

Executive summary

In the second half of 2022 and the first half of 2023, the fourth round of the Life in Transition Survey (LiTS IV) was carried out in 37 economies – 33 economies in the EBRD regions, plus Algeria, Belarus, Germany and Russia. The survey was conducted face to face, with 1,000 randomly selected individuals in each economy answering questions about their income, employment, education, attitudes, beliefs and recent experiences. This report discusses the major themes that have emerged from the analysis of those data so far.

An important first finding from LiTS IV is that inequality of opportunity – which is typically regarded as the unfair part of inequality – has increased across much of the EBRD regions since 2016, despite generally being expected to decline in higher-income economies as per capita income grows. Mirroring this trend, intergenerational mobility (captured by the percentage of people who achieve a level of education higher than that of their parents) has fallen sharply for people born in the 1980s and 1990s relative to those born between the 1940s and the 1960s. Similarly, most survey respondents feel that they have fared worse than the median person in their country since 2016. This, in turn, weighs on support for reforms as people question beliefs such as faith in the value of hard work.

A second core finding is that numbers of informal jobs – that is to say, jobs that are not governed by written contracts – remain high in the EBRD regions, while many jobs do not provide access to benefits such as pensions, social security, annual leave and sick leave. These non-pecuniary attributes of jobs matter for mental health and satisfaction with life. While such informality can be expected to decline as economies develop, the current tightness of labour markets could be an opportunity to accelerate this transition in ageing economies. At the same time, economies with rapidly growing labour forces will need to strike a difficult balance between creating jobs for new entrants to the labour market and improving the conditions of existing jobs.

Third, LiTS IV data show that while access to the internet at home (excluding 3G/4G mobile internet) and ownership of laptops and tablets are strongly correlated with countries' development and households' income, access to mobile internet and smartphones is much more consistent across countries and across the income distribution, providing alternative ways of accessing digital services. At the same time, however, investment in digital skills will be crucial to allow technological gains to be shared widely; otherwise, digitalisation risks exacerbating existing socioeconomic divides.

The last chapter of the report examines attitudes towards climate change and people's willingness to pay more tax in order to protect the environment, drawing on the results of deep dive surveys conducted by the World Bank in five economies as an add-on to LiTS IV. These results show the importance not only of increasing people's incomes, but also of building trust in institutions and informing the public about achievements to date. It also suggests that public support for green subsidies (where the costs in terms of higher taxes are less salient) tends to be stronger than support for environmental taxes.