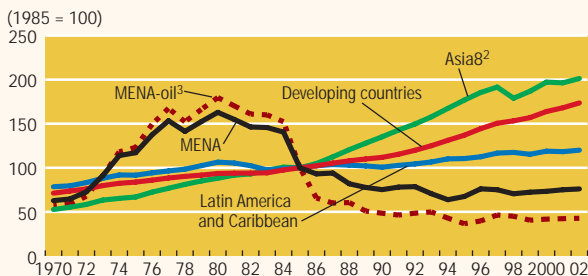


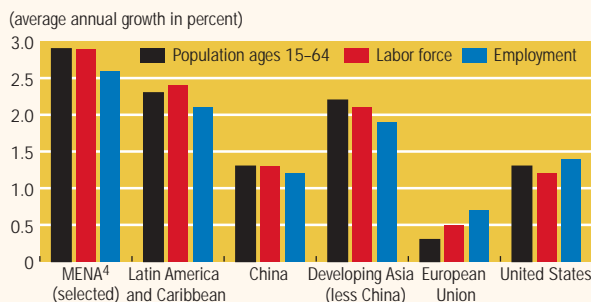
The Middle East and North Africa

Pursuing growth-enhancing policies and structural reforms while reinvigorating the reform of institutions.

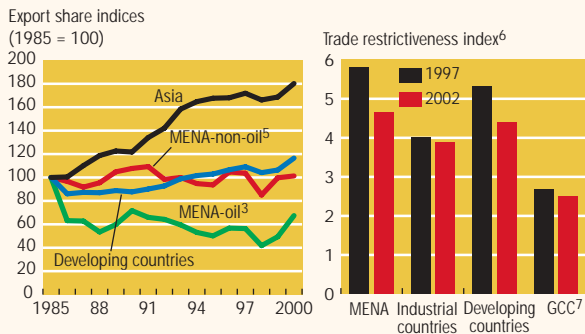
Growth has stagnated, but non-oil economies have been more resilient than oil-producing economies.¹



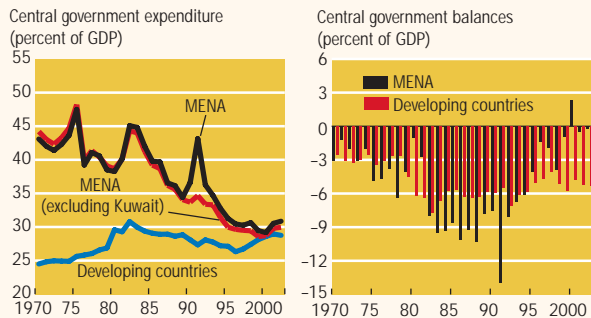
Unemployment remains high as employment growth has lagged labor force growth (1991–2001).



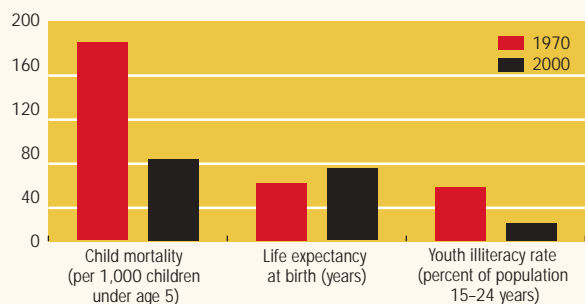
Links to global economy remain weak, but trade regimes have been liberalized.



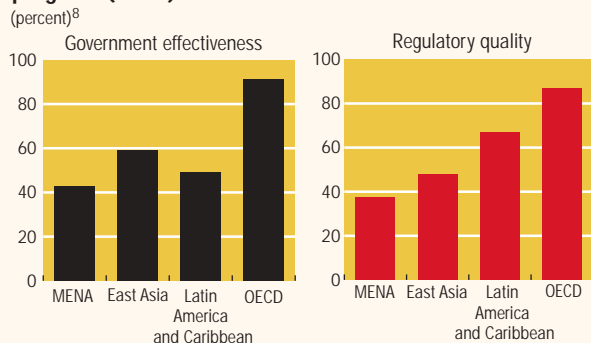
The fiscal situation is improving, although governments remain relatively large.



Social indicators have improved, but illiteracy is still high in one-third of the region.



Institutional quality remains weak, despite some recent progress (2002).



Sources: IMF, *Direction of Trade Statistics*, Information Notice System, Trade Restrictiveness database, World Economic Outlook database, and IMF staff calculations; and World Bank, Governance Indicators database.
¹GDP weights in purchasing power parity terms are used for all aggregates except Asia8, which is a simple average.
²Hong Kong S.A.R., Indonesia, Korea, Malaysia, the Philippines, Singapore, Taiwan Province of China, and Thailand.
³Algeria, Bahrain, the Islamic Republic of Iran, Kuwait, Libya, Oman, Qatar, Saudi Arabia, Sudan, the United Arab Emirates, and Yemen.

⁴Algeria, Egypt, Iran, Jordan, Morocco, Pakistan, and Tunisia.
⁵Djibouti, Egypt, Iraq, Jordan, Lebanon, Mauritania, Morocco, Pakistan, Somalia, the Syrian Arab Republic, Tunisia, the Islamic State of Afghanistan, and the West Bank and Gaza.
⁶Scale is 1 to 10, with 10 being most restrictive.
⁷Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.
⁸Each entry indicates percent of countries worldwide that rate below selected country or region for each governance indicator. Higher score for any indicator shows better governance outcome. Aggregates are simple averages.