2. MENAP Oil Importers: Striving to Foster Inclusive Growth in a Challenging Environment

Macroeconomic stabilization is advancing on the heels of recent energy subsidy reforms and low oil prices. Yet growth remains weak and fragile amid ongoing regional conflicts, lingering structural impediments, and subdued external demand. Over the medium term, growth is set to remain too low to address persistently high unemployment and low economic inclusiveness. Fiscal space is limited by high debt service costs and large wage bills and, in some cases, external vulnerabilities are still high. To boost private sector growth and employment, deeper structural reforms are needed to lower business costs, improve access to finance and export markets, and enhance worker talent. Greater exchange rate flexibility would also help improve competitiveness in some cases.

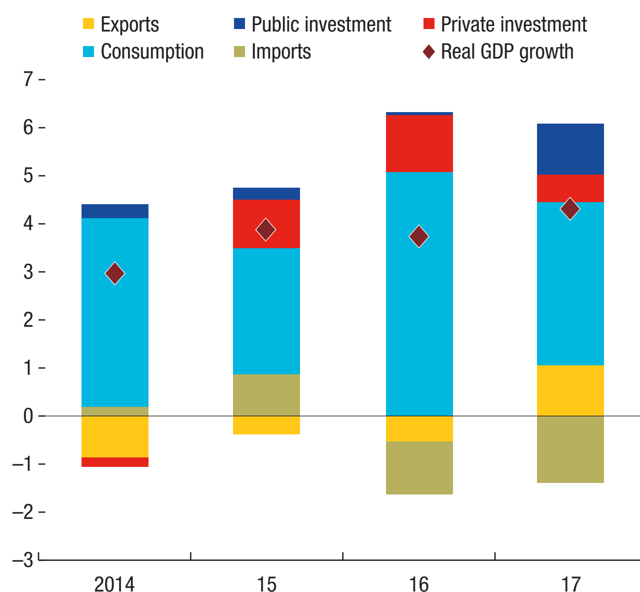
Subdued Economic Activity

Recent progress in reforms, a gradual recovery in the euro area, and lower oil prices have improved confidence and macroeconomic stability. This year, growth is expected to be 3.6 percent and, assuming continued progress in reforms, 4.2 percent in 2017. Persistent regional conflicts and social tensions, low competitiveness, and deep-rooted structural impediments continue to hamper efforts to boost economic activity. Growth of 3–4 percent since the Arab Spring has been too low and not inclusive enough to address high unemployment (11 percent), especially among the young (25 percent).

Recent structural reforms and monetary easing are set to boost investment, which is expected to become an increasingly important driver of growth (Figure 2.1). Improvements in the business environment, including initial efforts to tackle corruption (Afghanistan, Egypt), better electricity provision to industries (Pakistan), progress in simplifying regulations and improved investor protection (Egypt, Jordan, Morocco), and

Prepared by Pritha Mitra, with research assistance from Gohar Abajyan and Sebastian Herrador.

Figure 2.1. Contributions to Growth: Sustained by Consumption and Advanced by Investment
(Percent change, 2014–17[1])

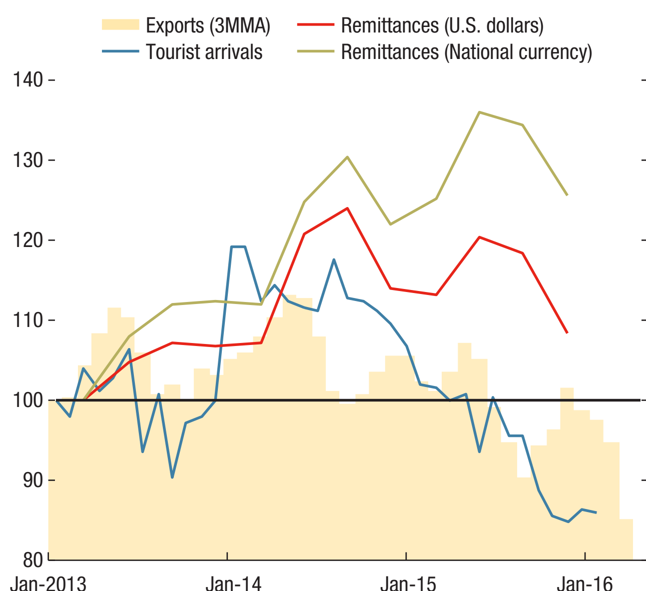


Sources: National authorities; and IMF staff calculations.
[1]MENAP aggregate excludes Sudan.

monetary easing (Jordan, Pakistan) are helping boost private investment and private sector credit growth. Public investment has benefited from recent subsidy reforms.

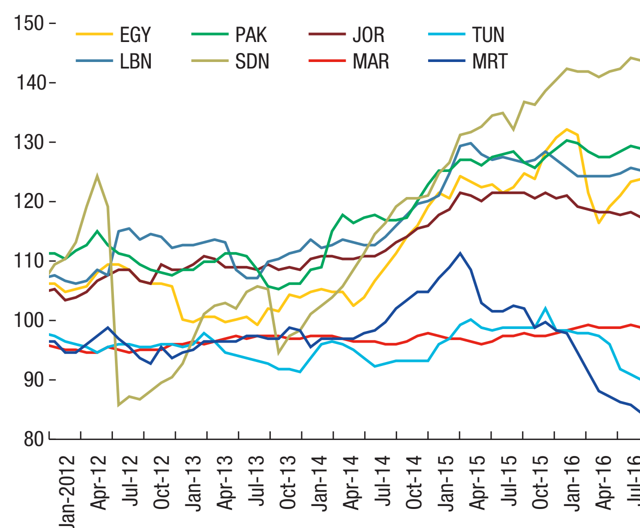
Strong consumption continues to be underpinned by large public wage bills. Remittances, mostly from Europe and the Gulf Cooperation Council (GCC), have also traditionally supported consumption, although they have started to decline because of slowing economic activity in the GCC (Figure 2.2). Consumer confidence and spending have also been supported by the pass-through of lower oil prices. However, a recent partial recovery in the crude oil price is expected to erode these gains somewhat, albeit with a lag, as increases over recent months have not yet been passed on to consumers by retailers. In Morocco, weak production in the

Figure 2.2. Declining Exports, Tourism, and Remittances
(Index values, January 2013 = 100)



Sources: Bloomberg, L.P.; national authorities; and IMF staff calculations.
Note: Exports and remittances are measured in U.S. dollars. Exports are expressed in constant January 2010 exchange rates. 3MMA = three-month moving average.

Figure 2.3. REER Index
(January 2010 = 100)



Sources: National authorities; and IMF staff calculations.
Note: Country abbreviations are International Organization for Standardization (ISO) country codes. REER = real effective exchange rate.

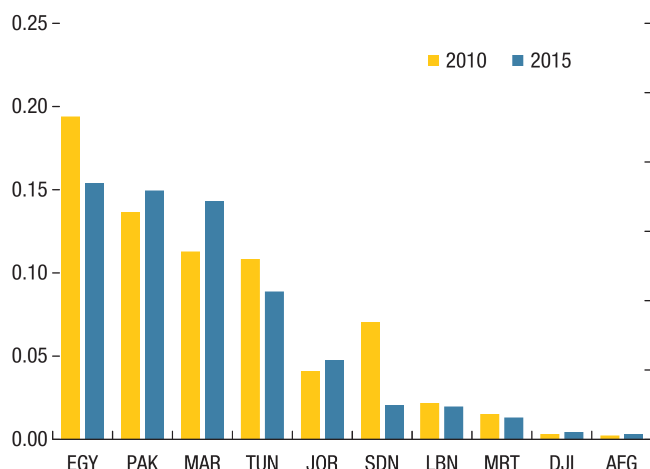
agricultural sector (employing more than one-third of the population) weighed on incomes and consumption this year, although a rebound is expected next year.

External activity has been subdued partly because of weak external demand and low competitiveness. Exports and tourism have declined sharply in recent months (Figure 2.2), in part due to slowing GCC growth. In Mauritania, low iron ore prices (largely owing to China's rebalancing) have reduced exports and, in Sudan, low oil prices had a similar effect. A mild rebound of the region's exports is expected in 2017, as they benefit from increased external demand from advanced economies. In particular, the euro area's domestic demand (the Maghreb's largest trading partner) is expected to rise, notwithstanding risks from Brexit—the June 2016 U.K. referendum result in favor of leaving the European Union (Box 1.2). Nevertheless, weak competitiveness (Figure 2.3)—explained also by an appreciation of the U.S. dollar, to which many of the region's currencies are tied, and despite recent exchange rate depreciation (Egypt, Tunisia)—is anticipated to continue depressing export shares (Egypt, Mauritania, Tunisia; Figure 2.4). Imports will continue to rise across the region in line with increased investment. The resolution of foreign currency shortages in Egypt will also contribute to this pickup and support investment and production.

Spillovers from regional conflicts are also holding back economic activity. Challenging security conditions, including recent terrorist attacks in Afghanistan, Egypt, Pakistan, and Tunisia hamper confidence (Figure 2.5) and hurt tourism (Figure 2.2). Accommodating growing numbers of refugees (Jordan, Lebanon, Tunisia) adds to pressures on infrastructure, health, and education services.

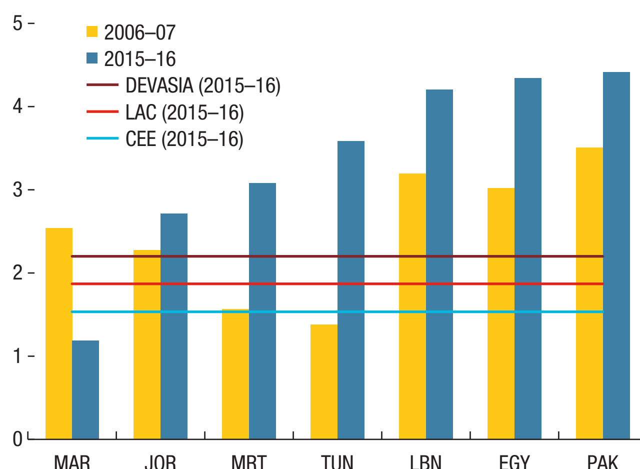
Despite recent progress, structural impediments to growth persist. Poor transport and telecommunications infrastructure and shortages of electricity, fuel, and water continue to hamper economic activity. Small and medium enterprises (SMEs) still struggle with the availability of bank

Figure 2.4. Share of Exports to the World
(Percent of total world exports)



Sources: National authorities; and IMF staff calculations.
Note: Country abbreviations are International Organization for Standardization (ISO) country codes.

Figure 2.5. The High Business Cost of Terrorism
(Indicator,1–7; 7 being the highest cost)[1]



Sources: World Economic Forum, *The Global Competitiveness Report 2015–16*; and IMF staff calculations.
Note: Country abbreviations are International Organization for Standardization (ISO) country codes. CEE = central and eastern Europe; DEVASIA = developing Asia; and LAC = Latin America and the Caribbean.
[1]The business cost of terrorism is a survey-based indicator that asks respondents the extent to which the threat of terrorism imposes costs on businesses.

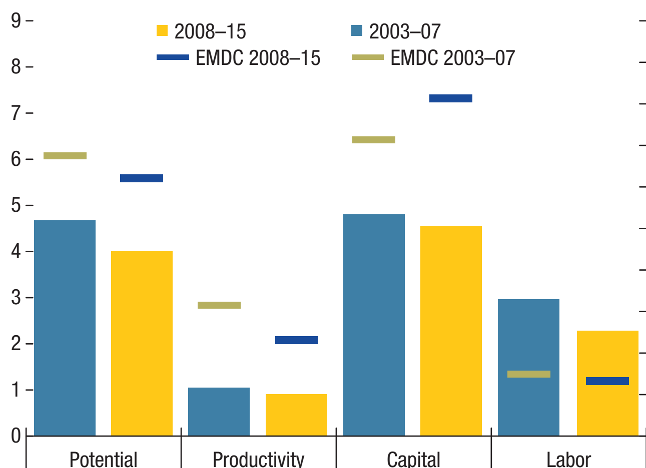
credit as banks mainly finance government and large state-owned enterprises (SOEs). Confidence is also being influenced by the mixed progress of structural reforms, which have been relatively steady in some (Jordan, Morocco, Pakistan), more varied in others (Egypt, Mauritania, Tunisia), and slowed by a lack of political cohesion elsewhere (Lebanon).

Inflation is expected to gather speed next year. At 7.4 percent in 2016, inflation is almost 1 percent higher than last year and is expected to rise to 9.8 percent next year, driven largely by the inflation rate in Egypt. So far, persistently large output gaps, low global food and energy prices (where pass-through has been allowed), and currency appreciation against major import partners (China and the euro area with 15 percent and 25 percent of imports, respectively) have put downward pressures on inflation. These pressures have been offset by energy subsidy phase-outs, increased food prices, and, in some cases, currency depreciations (Egypt, Tunisia), monetization of fiscal deficits, and accommodative monetary policies. Next year, the region will face additional upward pressures from rising global energy prices, further electricity and water subsidy phase-outs (Egypt, Tunisia), and increased domestic demand from increased large-scale public and private investment (Egypt).

Lackluster Medium-Term Prospects

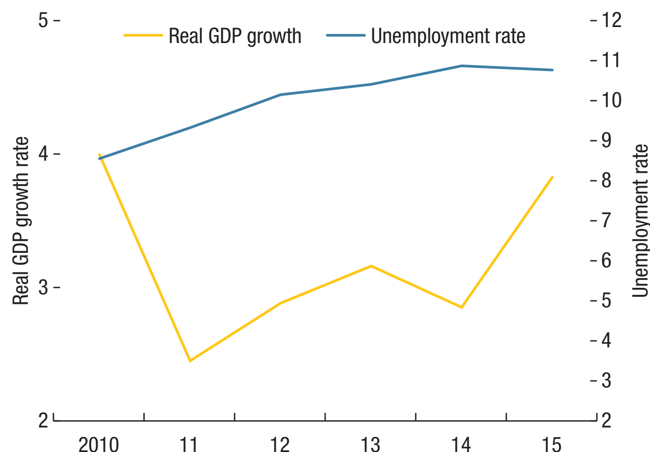
Medium-term growth prospects remain insufficient to reduce unemployment, raise incomes, and improve economic inclusiveness. Weak productivity growth and slow capital accumulation are keeping potential growth weak, and the region is falling further behind its global peers in terms of its medium-term economic prospects (Figure 2.6), especially in per capita terms given the region's fast-growing population. Although economic growth has picked up in recent years, it has not yet made a dent in unemployment (Figure 2.7). The low sensitivity of unemployment to growth suggests that unemployment is mostly structural and due, in particular, to mismatches in job skills. On current

Figure 2.6. Potential Growth and Productivity, Capital, and Labor Growth
(Percentage points)



Source: Mitra and others (2016).
Note: EMDC = emerging markets and developing countries.

Figure 2.7. Unemployment and Real GDP Growth Rates, 2010–15
(Percent)



Sources: National authorities; and IMF staff calculations.

medium-term growth projections of slightly more than 5 percent, the unemployment rate of nearly 11 percent is anticipated to decline by only 3 percentage points to 8 percent by 2021.

Rising Downside Risks

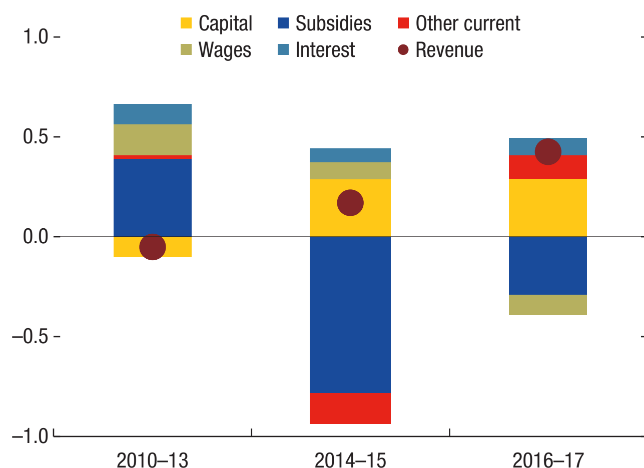
Domestic and external downside risks have increased. A worsening of security conditions or social tensions, reform fatigue, increased spillovers from regional conflicts, and/or slower euro area growth (perhaps triggered by Brexit uncertainties) could undermine economic growth. The rebalancing in China could translate into lower-than-expected infrastructure financing for the region (Djibouti, Pakistan), slower emerging market growth prospects, and lower commodity export prices (Mauritania, Pakistan). A withdrawal of correspondent bank relationships could catalyze reductions in financial services by global or regional banks (Djibouti, Sudan) or closer banking scrutiny (Lebanon). Risk premiums may rise sharply—raising financing costs for governments and banks (and, in turn, reducing their profitability)—if global financial conditions were to tighten more than expected amid China's rebalancing and slowdown, the normalization of U.S. interest rates, and/or the fallout from Brexit. Investors' flight to safety could strengthen the U.S. dollar, resulting in a greater loss of competitiveness for those countries that peg to the dollar but export largely to China and the euro area.

On the upside, exports could rise as Iran reintegrates into the regional economy (see October 2015 *Regional Economic Outlook: Middle East and Central Asia*) and progress is made on trade pacts with the European Union (Jordan). The rebalancing in China may also provide opportunities for an increase in consumption-related exports (Chapter 4).

Vulnerable Fiscal and External Positions

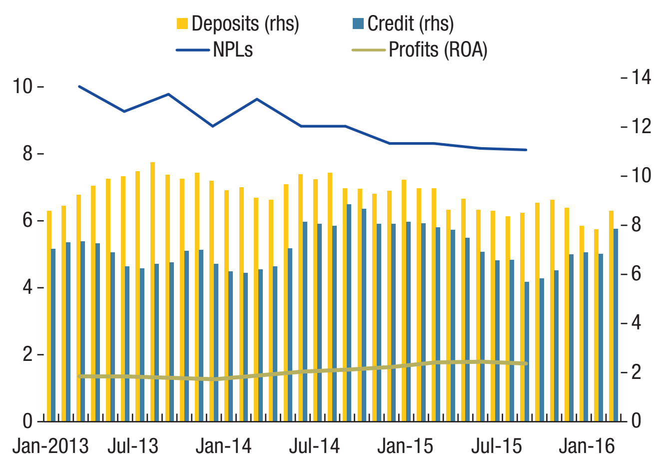
Despite recent improvements, significant fiscal vulnerabilities remain. Subsidy and revenue reforms are expected to reduce fiscal deficits in most Middle East, North Africa, Afghanistan, and Pakistan (MENAP) oil importers by 0.3 percentage point to 7 percent of GDP in 2016 and further to 5.8 percent in 2017, stabilizing

Figure 2.8. Subsidy Reforms Create Space for Growth-Enhancing Social Spending[1]
(Percent of GDP, change from prior year)



Sources: National authorities; and IMF staff calculations.
[1]Excluding Djibouti, Lebanon, and Pakistan.

Figure 2.9. Banks Remain Healthy: Private Credit, Deposits, Nonperforming Loans, Return on Assets
(Percent, year-over-year monthly growth for credit and deposits)



Sources: National authorities; and IMF staff calculations.
Note: NPL = nonperforming loans; rhs = right-hand side; ROA = return on assets.

public debt. These reforms also created space (Figure 2.8) for increased spending on education, health care, and targeted social assistance. This targeted spending will have the dual effect of softening some of the near-term adverse impact of fiscal consolidation on economic activity while also supporting long-term growth. Further growth-enhancing spending on infrastructure and social sectors is needed to address supply bottlenecks and improve growth prospects. However, there is little scope for increased spending given the weakness of state revenues, large public wage bills, and high debt service—especially in Egypt, Jordan, and Lebanon, where debt ranges from 90 percent to 145 percent of GDP. The recent partial recovery in oil prices will support fuel tax revenues, but for those countries yet to complete energy subsidy reforms, they will increase government subsidy spending (Egypt, Sudan, Tunisia) or SOE imbalances (particularly in the electricity sector), raising debt pressures in most countries.

External positions have pockets of weakness as well. International reserves currently average six months of imports across the region but are below three months in Egypt and Sudan. In particular, for Sudan, the withdrawal of foreign bank correspondent relationships and the reduction of trade financing activities have slowed trade, remittances, and foreign investment—increasing pressure on reserves. So far, the region's weak exports have been largely offset by low energy import bills. As oil prices partially recover, coupled with increased investment-related imports, import bills and balance of payments pressures will rise. In some cases, reduced oil dependence (Jordan's shift from expensive, short-term oil contracts to cost-effective, long-term natural gas contracts), increased foreign direct investment (Morocco, Pakistan), and external public financing inflows (possible sovereign debt issues in Egypt, Pakistan, and Tunisia) will help.

The financial sector is stable but needs improvements to be safeguarded. Banking systems remain healthy with generally well-capitalized, liquid, and profitable banks (Figure 2.9)—given solid deposit growth, despite the recent pickup in credit. Nonperforming loans are high but gradually declining. Regulatory and supervisory frameworks—as well as corporate insolvency and bankruptcy regimes, and, in some cases, deposit insurance schemes—need to be strengthened.

Implementing Fiscal, Monetary, and Structural Reforms

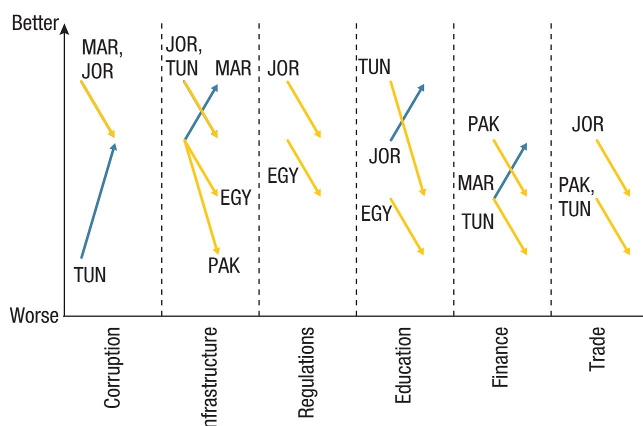
Achieving fiscal sustainability over the medium term, while supporting economic activity in the near term, demands careful fiscal policy choices. Carefully designed and clearly communicated medium-term plans, in particular, can help sustain an easier fiscal stance in the near term without upward pressure on borrowing rates. The key components of such plans could include the following:

- On the revenue side, the recent reduction of exemptions and loopholes (Morocco and Pakistan; those planned in Egypt, Jordan, and Tunisia), better tax administration, and rationalization of customs processes (Pakistan) support revenues, inclusiveness, and growth by leveling the playing field for companies, and reducing compliance costs. Revenue measures targeting higher-income earners or greater use of technology in tax collection also increase equity (Jewell and others 2015). Policies that will also play important roles are the introduction of a value-added tax (Egypt), revised income tax thresholds (Jordan, Tunisia), and higher excises.
- On the spending side, increased funding for infrastructure, health care, education, and social services (including active labor market policies, Box 2.2) will support employment and growth. Measures to reduce SOE losses (including automatic pricing mechanisms for energy companies) would cut their arrears to the government and private sector. Spending efficiency can also be improved by strong evaluation, prioritization, and implementation of large projects. Public sector wage bills should be contained and plans for their gradual rationalization would ultimately create space for more growth-enhancing spending. Morocco's recent pension reforms are a step in that direction. In contrast, Tunisia has raised wages in efforts to soothe social tensions.

Reforming public debt financing would reduce financing risks while improving the business environment. With global financial conditions tightening, policymakers are likely to continue relying mainly on domestic bank financing. More regular domestic bond issuance with longer maturities, market-determined yields, and a broader investor base would reduce rollover risks, deepen financial markets, encourage financing of public-private partnerships, and reduce banking system risks from high public sector loan concentration. A more balanced mix of domestic and external borrowing would reduce the crowding out of bank loans to the private sector. Privatization of SOEs would improve government finances and create better incentives for efficiency, although the near-term job losses would need to be carefully managed.

Accommodative monetary policy and greater exchange rate flexibility would help support growth and macroeconomic stability. Where competitiveness is deteriorating, nominal exchange rate pressures are rising (for example, growing gaps between official and unofficial exchange rates), and balance sheet mismatches are limited, a faster transition to more flexible exchange rate systems is needed to avoid a more difficult macroeconomic adjustment later on. Greater flexibility needs to be complemented by building central bank independence (recent progress in Morocco, Pakistan, and Tunisia is welcome), determining an alternative nominal anchor, building institutional capacity, addressing fiscal dominance, developing deeper and more liquid foreign exchange markets, and strengthening banking supervision and regulation. For countries in which inflation is expected to remain moderate, accommodative monetary policy could be used to mitigate the adverse effects of fiscal consolidation. In countries pursuing exchange rate flexibility, this approach needs to be balanced against inflationary pressures from depreciation. Central banks must remain vigilant to any signs of increasing financial stress, stepping up supervisory actions as necessary.

Figure 2.10. Falling Behind Global Peers in Key Reform Areas
(Arrows begin at 2007 ranking and end at 2016 ranking)



Sources: International Country Risk Guide; The PRS Group; World Bank (only finance indicator); World Economic Forum; and IMF staff calculations.
Note: The vertical axis shows the ranking of a country's performance relative to the performance of their global peers defined as emerging markets and developing countries (EMDCs). The 100 ranking reflects the top ranking among EMDCs; an 80 ranking means a country is performing among the top 80 percent of EMDCs, and so on. The arrows demonstrate changes in rankings that reflect changes in countries' own performance and/or performance of their global peers (defined as EMDCs). Countries without a substantial change in rankings relative to global peers are not shown. Sources of structural indicators were chosen based on data availability. Results are robust to using alternative sources. Country abbreviations are International Organization for Standardization (ISO) country codes.

Raising economic potential and creating jobs require higher productivity growth and the building of physical capital. Despite recent progress, the pace of reforms in the region is still slower than in its global peers—MENAP oil importers' relative rankings have even been declining in key areas such as infrastructure (where all but Morocco's rankings fell), education, the regulatory environment, corruption, finance, and trade (Figure 2.10). Together with other analyses (for example, Mitra and others 2016 as well as IMF 2014), these rankings point to areas where reform efforts can have the largest impact on raising capital and productivity growth, taking into account capacity constraints. Building the region's physical capital hinges on infrastructure investment and financial market development. For the latter, the establishment and wider use of credit bureaus would ease access to finance (especially for SMEs)—facilitating private capital accumulation, business expansion, and job creation. Reducing the cost of doing business through stronger investor protection, and fewer and less burdensome regulations would support productivity growth. Shrinking the economic dominance of SOEs would also be important to level the playing field and enhance economic efficiency. Nurturing worker talent through education and vocational training that aligns skills with job market needs, leveraging the talent and knowledge of diasporas, and raising female labor force participation are also critical to raising productivity. Increased trade openness could enable countries to join job-creating global manufacturing supply chains.

International Support

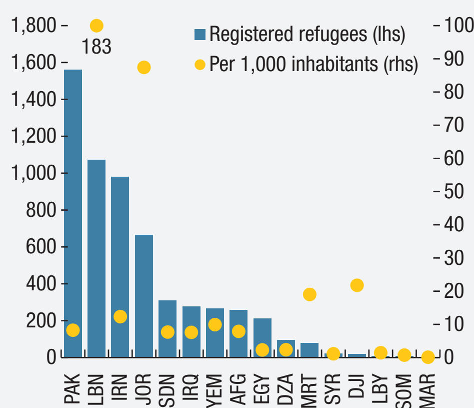
Support from the international community can facilitate the transition to higher growth, better living standards, and more jobs while shoring up macroeconomic stability. Bilateral and multilateral official financing can help create fiscal space for growth-enhancing social spending and catalyze additional private financing, especially for countries that are already moving forward with challenging macroeconomic and structural reforms. International support is especially needed in countries coping with growing numbers of refugees, as they are providing a global public good (Box 2.1) and raising their debt levels to do so. However, absent sound reforms, financing only delays the unwinding of underlying imbalances—which may be abrupt and more painful in the future. Current IMF arrangements in MENAP oil-importing economies—committing more than $20 billion in Afghanistan, Egypt, Jordan, Morocco (a credit line against external shocks), and Tunisia—aim to support countries' reform efforts and macroeconomic adjustment. The arrangements have been characterized by flexibility (in financing amounts and program conditionality) in responding to unexpected shocks, especially in Jordan and Tunisia. The international community can also provide support through technical advice, other capacity-building initiatives, and enhanced access to export markets for the region's products and services.

Box 2.1. Economic Policies During Conflict

During the second half of the past century, the Middle East, North Africa, Afghanistan, and Pakistan (MENAP) region experienced more frequent and more severe conflicts than any other part of the world. With conflicts having recently intensified, the region faces new challenges. Violent non-state actors have emerged as significant political and military powers, holding large areas of sovereign territory. A refugee crisis on a scale not seen since the end of World War II is affecting not only the MENAP region but also Europe, with attendant economic and social implications.

Violent conflicts not only destroy human, social, and economic capital—with severe consequences for growth potential—they also pose major and immediate challenges to economic policymaking. Countries most exposed to conflict (Afghanistan, Iraq, Libya, Somalia, Syria, Yemen) face, to varying degrees, deep recessions, high inflation, worsened fiscal and financial positions, and damaged institutions. Economic spillovers to neighboring MENAP countries and other regions, notably Europe, are also large, including the challenges of hosting large numbers of refugees, weaker confidence and security, and declining social cohesion (Figure 2.1.1).

Figure 2.1.1. Refugees, Many Escaping Conflict, Hosted in MENAP Countries
(Thousands)



Sources: United Nations High Commissioner for Refugees Statistics database; and IMF staff calculations.
Note: These are the sixteen MENAP countries with the most registered refugees. Estimates of inhabitants (including refugees) are from the UN Population Division. Country abbreviations are International Organization for Standardization (ISO) country codes. lhs = left-hand side; rhs = right-hand side.

The experience with recent MENAP conflicts shows that, even in the context of ongoing violence, policymakers need to both ensure the continuity of government and minimize harm to the public and economic activity. Three priorities stand out: (1) protecting institutions from becoming inoperative or corrupt; (2) prioritizing public spending to protect human life, limiting fiscal deficits, and preserving economic potential; and (3) stabilizing macroeconomic and financial developments through effective monetary and exchange rate policy.

Protecting institutions has been difficult at a time when political systems are disintegrating. The experience with MENAP conflicts stresses the importance of keeping core government institutions—such as fiscal agents and central banks—functioning amid difficult operational challenges, including the threat of corruption. Policymakers may be tempted to "capture" government institutions for personal benefit: financial flows may be redirected to the political constituencies of those in power; regulations may be biased in favor of a privileged few; and the collection of revenue may be aimed at political foes.

Prioritizing spending is also critical, as conflicts in the MENAP region have been typically associated with increased fiscal pressures. While conflict often brings urgent spending needs, fiscal space is squeezed by declining revenue collection and reduced access to external financing. The end result has often been ballooning fiscal deficits. The magnitudes can be dramatic. In Yemen, for example, preliminary data on the 2015 outturn suggest that central government revenue fell by as much as 60 percent—reflecting the combined effect of the sharp fall in oil prices and the shutdown of oil production facilities in the wake of the escalation of the

Prepared by Risto Herrala.

Box 2.1. *(continued)*

conflict. Donor support has been an unreliable source of funding for conflict-ridden countries. In West Bank and Gaza, donor financing for the budget decreased by one-third in 2015, despite an upturn in violence and persistently high security-related expenditure needs.

Stabilization is particularly challenging, as conflicts push central banks into a greater role in financing government activities. In 2015, governments in Iraq and Yemen financed part of their budgets via their central banks. To safeguard the continuation of government activities, central banks have sometimes been forced to take on very broad mandates. In Libya, the central bank has become the fiscal agent responsible for operating government finances, and has also played a key role in negotiating export contracts. Monetary policy toolkits have often been augmented through increased recourse to administrative measures to control domestic credit allocation and foreign exchange flows. For example, Libya has tightened foreign exchange controls to curb a thriving parallel market; and Yemen took measures to channel domestic funding toward policy priorities.

Box 2.2. Active Labor Market Policies: What Can MENAP and the CCA Learn from Others?

In the context of weak labor market outcomes, active labor market policies (ALMPs) have become increasingly popular across the world. ALMPs work through enhancing the employability of job seekers, more aptly connecting workers and jobs, and promoting job creation and labor force participation. If designed appropriately, these policies can improve individual labor market outcomes and contribute to reducing poverty and improving equity. ALMPs are part of the policy mix to address labor market deficiencies, together with passive labor market, social, and demand-side policies.

ALMPs can help address some of the labor market deficiencies in the MENAP and CCA regions. There are five main types of ALMPs—from expensive training programs to relatively low-cost employment services (Table 2.2.1). Training programs are most popular and common in the region. All other types are also used, to varying degrees. The main challenges in establishing successful ALMPs in the region relate to their target audience—beneficiaries are usually selected from the pool of the unemployed, few of whom are registered—and capacity for being implemented. For example, although intermediation services are offered in many countries, they are largely ineffective and rarely used. Very few programs in the region are monitored or evaluated, even in the oil-exporting countries, which have greater means and stronger implementation capacity.

Table 2.2.1. Typology of Active Labor Market Policies

Program Type	Goal
Training and retraining programs	Improve the employability of workers through providing skills
Intermediation services	Reduce information asymmetries in the labor market
Wage or employment subsidies	Foster the employment of individuals with lower productivity
Public works programs	Provide temporary employment with a training element
Self-employment programs	Provide technical and financial support to unemployed persons to set up their own businesses

Source: Author.

While evaluations from the region are scarce, large-scale meta-analyses of studies from advanced economies provide useful insights on the impact of ALMPs on the income and employment of beneficiaries:

- *Employment*. Training programs have long-term positive impacts. In the short term, public employment services can be very successful in helping job seekers find work. Public works programs have negligible or even negative effects on beneficiaries. A recent inventory of youth interventions shows that about one-third of reviewed programs had increased employment or earnings. At the aggregate level, higher spending on ALMPs is most often associated with a reduction in cyclical and long-term unemployment.
- *Skills improvement*. Even when ALMPs are not found to have a positive measurable effect on earning and employment, they can have other desirable effects, such as increasing the well-being of beneficiaries through maintaining social contacts, attachment to the labor market, and improving soft and technical skills.

Inclusive growth can also be fostered. Public works programs can help with anti-poverty goals. ALMPs that include a stipend, or some form of paid work, can support incomes, especially in countries that do not have unemployment benefits or assistance. When targeted at the most vulnerable groups, they can reduce inequity. However, it is not clear if ALMPs are a superior way of addressing inclusive growth objectives, compared with social safety nets.

Prepared by Gaëlle Pierre.

Box 2.2. *(continued)*

The impact of ALMPs depends on how services are chosen and delivered. It is undermined if program beneficiaries simply replace other workers, if programs find positions for workers who would have found a job regardless, or when the most promising candidates are selected. Beneficiaries can also end up being stigmatized and negatively viewed by employers.

Based on extensive international experience, the following best practices can be identified:

- ALMPs work best when they are integrated with other policies, including passive labor market and social policies. This can be a complex requirement in countries with limited capacities, but avoiding system fragmentation can help avoid duplications. Effectiveness can be improved by combining services that respond to the different needs of participants. For example, successful youth programs include multiple components and intensive implementation (Job Corps in the United States and New Deal for Young People in the United Kingdom).
- Since ALMPs require significant institutional capacity, countries can scale down their goals to have manageable programs, and can involve private sector providers.
- Program design, which is crucial for success, involves several key dimensions: setting clear goals, setting up adequate targeting, favoring demand-driven approaches, including exit strategies (graduation), emphasizing human capital accumulation, and ensuring relevance. For example, youth programs in Latin America combine in-classroom activities with on-the-job training, and closely involve the private sector, thereby providing marketable skills. When using private providers, it is important to put in place proper certification, incentive systems, and monitoring.
- Finally, establishing monitoring and evaluation regimes helps inform decisions about improving and fine-tuning ALMPs. For example, this is done in the Organisation for Economic Co-operation and Development, which recently proposed a new framework to improve the effectiveness of ALMPs.

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MENAP Oil Importers: Selected Economic Indicators

	Average 2011–12	2013	2014	2015	Projections 2016	Projections 2017
Real GDP Growth	**4.6**	**3.2**	**2.9**	**3.8**	**3.6**	**4.2**
(Annual change; percent)						
Afghanistan, Rep. of	…	3.9	1.3	0.8	2.0	3.4
Djibouti	3.7	5.0	6.0	6.5	6.5	7.0
Egypt	4.5	2.1	2.2	4.2	3.8	4.0
Jordan	5.6	2.8	3.1	2.4	2.8	3.3
Lebanon	4.6	2.5	2.0	1.0	1.0	2.0
Mauritania	4.6	6.1	5.4	1.2	3.2	4.3
Morocco	4.6	4.5	2.6	4.5	1.8	4.8
Pakistan	4.4	3.7	4.1	4.0	4.7	5.0
Sudan[1]	5.9	5.2	1.6	4.9	3.1	3.5
Syrian Arab Republic[2]	4.3	…	…	…	…	…
Tunisia	3.9	2.4	2.3	0.8	1.5	2.8
West Bank and Gaza[3]	4.2	2.2	-0.2	3.5	3.3	3.5
Consumer Price Inflation	**5.5**	**9.1**	**9.4**	**6.6**	**7.4**	**9.8**
(Year average; percent)						
Afghanistan, Rep. of	…	7.4	4.7	–1.5	4.5	6.0
Djibouti	3.6	2.4	2.9	2.1	3.0	3.5
Egypt	3.3	9.5	10.1	10.4	14.0	17.3
Jordan	3.9	4.8	2.9	–0.9	–0.5	2.3
Lebanon	3.1	4.8	1.9	–3.7	–0.7	2.0
Mauritania	6.1	4.1	3.8	0.5	1.3	4.2
Morocco	1.7	1.9	0.4	1.5	1.3	1.3
Pakistan	8.5	7.4	8.6	4.5	2.9	5.2
Sudan[1]	11.8	36.5	36.9	16.9	13.5	16.1
Syrian Arab Republic[2]	4.9	…	…	…	…	…
Tunisia	3.1	5.8	4.9	4.9	3.7	3.9
West Bank and Gaza[3]	3.8	1.7	1.7	1.4	1.1	1.2
General Gov. Overall Fiscal Balance	**–5.2**	**–9.4**	**–7.8**	**–7.3**	**–7.0**	**–5.8**
(Percent of GDP)						
Afghanistan, Rep. of[4]	…	–0.6	–1.7	–1.4	0.1	0.0
Djibouti	–1.9	–5.9	–12.2	–15.7	2.1	3.3
Egypt	–7.4	–13.4	–12.9	–11.5	–12.0	–9.7
Jordan[5]	–4.7	–11.1	–10.3	–5.4	–3.8	–2.6
Lebanon[4]	–11.9	–8.7	–6.0	–7.4	–8.1	–9.5
Mauritania[4,6]	–2.6	–0.8	–3.3	–3.4	–0.4	–1.8
Morocco[4]	–4.0	–5.2	–4.9	–4.4	–3.5	–3.0
Pakistan[7]	–4.4	–8.4	–4.9	–5.2	–4.4	–3.6
Sudan[1]	–1.2	–2.3	–1.4	–1.9	–2.0	–2.1
Syrian Arab Republic[2]	…	…	…	…	…	…
Tunisia[8]	–2.7	–7.4	–3.9	–5.1	–4.5	–3.6
West Bank and Gaza[3]	–24.1	–12.6	–12.5	–11.4	–9.6	–9.3

Sources: National authorities; and IMF staff estimates and projections.

Note: Variables reported on a fiscal year basis for Afghanistan (March 21/March 20) until 2011, and December 21/December 20 thereafter, and Egypt and Pakistan (July/June), except inflation.

[1]Data for 2011 exclude South Sudan after July 9. Data for 2012 and onward pertain to the current Sudan.

[2]2011–17 data exclude Syria due to the uncertain political situation.

[3]West Bank and Gaza is not a member of the IMF and is not included in any of the aggregates.

[4]Central government. For Jordan, includes transfers to electricity company.

[5]Overall fiscal balance includes the transfers to the electricity company NEPCO until the end of 2014. From 2015 transfers were stopped.

[6]Includes oil revenue transferred to the oil fund.

[7]Including grants.

[8]Includes bank recapitalization costs and arrears payments.

(continues)

MENAP Oil Importers: Selected Economic Indicators *(continued)*

	Average 2011–12	2013	2014	2015	Projections 2016	Projections 2017
Current Account Balance	**–2.5**	**–5.1**	**–4.4**	**–4.5**	**–4.8**	**–4.7**
(Percent of GDP)						
Afghanistan, Rep. of	…	8.7	2.4	4.7	4.5	1.1
Djibouti	–7.9	–23.3	–25.6	–30.7	–17.2	–14.4
Egypt	–0.4	–2.2	–0.8	–3.7	–5.8	–5.2
Jordan	–5.8	–10.3	–6.8	–9.0	–9.0	–8.9
Lebanon	–14.7	–26.7	–28.1	–21.0	–20.4	–20.6
Mauritania	–14.8	–28.6	–33.3	–27.0	–21.9	–24.9
Morocco	–3.0	–7.6	–5.7	–1.9	–1.2	–1.4
Pakistan	–1.3	–1.1	–1.3	–1.0	–0.9	–1.5
Sudan[1]	–5.3	–8.7	–7.0	–7.8	–5.9	–4.9
Syrian Arab Republic[2]	–0.4	…	…	…	…	…
Tunisia	–3.8	–8.4	–9.1	–8.8	–8.0	–6.9
West Bank and Gaza[3]	–17.8	–12.3	–7.4	–13.5	–13.4	–11.4

Sources: National authorities; and IMF staff estimates and projections.

Note: Variables reported on a fiscal year basis for Afghanistan (March 21/March 20) until 2011, and December 21/December 20 thereafter, and Egypt and Pakistan (July/June), except inflation.

[1]Data for 2011 exclude South Sudan after July 9. Data for 2012 and onward pertain to the current Sudan.

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[6]Includes oil revenue transferred to the oil fund.

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[8]Includes bank recapitalization costs and arrears payments.