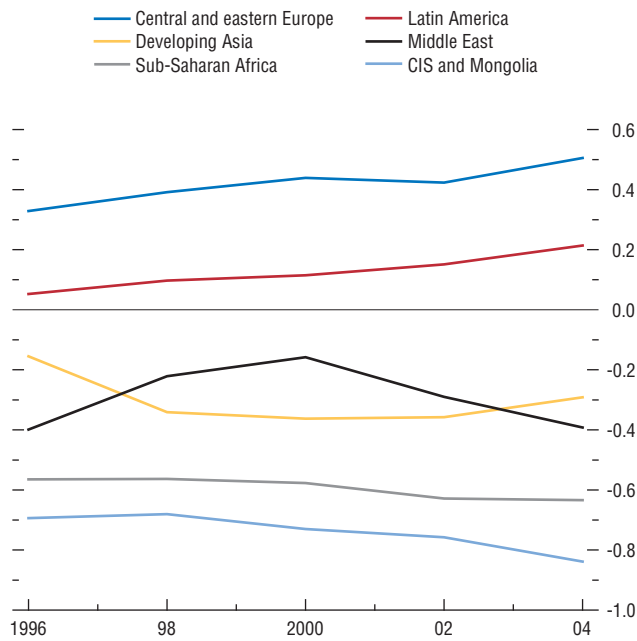


**Figure 3.2. Developing Economies: Recent Developments in Institutional Quality by Region<sup>1</sup>**

Over the past decade, institutional quality has, on average, improved in central and eastern Europe and Latin America. Institutional quality in sub-Saharan Africa and the CIS continues to be significantly below the institutional quality in other regions.



Sources: Kaufmann, Kraay, and Mastruzzi (2005); and IMF staff calculations.

<sup>1</sup>Regional scores were calculated as simple averages. Institutional quality is measured by Kaufmann, Kraay, and Mastruzzi's (2005) aggregate governance index. For more information, see Appendix 3.1. The regional classification of countries is based on the current *World Economic Outlook* regional groupings.