Economic institutions as measured by Gwartney and Lawson’s Economic Freedom Index have improved across the world over the past three decades. However, sub-Saharan Africa and many other—mostly low-income—countries continue to have low institutional scores.

Sources: Gwartney and Lawson (2004); and IMF staff calculations.

1 The measure of economic institutions is based on Gwartney and Lawson’s Economic Freedom Index. Scores for individual countries were rescaled to the range from 1 to 7 with higher scores reflecting better institutional quality. See Appendix 3.1 for further details.