

ANNEX 1: STATISTICAL TABLES

| Table 1 | | | | | | |
|--|------------------------------|-------------|-------------|-------------------------|---------------------------------|-------|
| Oil markets and the transmission channels for growth among MENA countries (1990-2006) | | | | | | |
| <i>growth rates, averages or as specified</i> | averages 1990-2000 | 2002 | 2003 | Estimate 2004 | Projections 2005 2006 | |
| Global hydrocarbons market | | | | | | |
| World oil demand (mb/d) | 71.4 | 77.9 | 79.7 | 82.4 | 83.8 | 85.2 |
| World oil price (\$/bbl, WBavg) | 19.1 | 24.9 | 28.9 | 37.7 | 40.0 | 36.0 |
| MENA oil production (mb/d) | 27.8 | 27.3 | 29.7 | 31.5 | 31.7 | 31.9 |
| MENA hydrocarbon exports (\$bn) | 111.7 | 158.6 | 202.0 | 276.1 | 288.9 | 268.4 |
| Oil-exporters current acct (\$bn) | 2.4 | 31.7 | 65.8 | 129.6 | 131.8 | 99.1 |
| Current account %GDP | 0.6 | 6.1 | 11.0 | 18.4 | 17.6 | 13.0 |
| Worker remittance payments (\$bn) | 22.2 | 22.9 | 22.3 | 23.4 | 24.4 | 25.4 |
| Oil-exporters fiscal balance (\$bn) | -15.2 | 6.3 | 28.5 | 56.0 | 30.9 | 9.1 |
| Fiscal balance (%GDP) | -3.7 | 1.2 | 4.8 | 7.9 | 4.1 | 1.2 |
| Other exports, remittances and tourism | | | | | | |
| OECD import demand (GNFS vol) ch% | 6.7 | 2.4 | 3.2 | 7.6 | 6.1 | 6.8 |
| European Union (15) | 6.1 | 0.7 | 2.0 | 5.8 | 6.1 | 7.1 |
| United States | 9.3 | 3.4 | 4.4 | 9.9 | 5.0 | 6.4 |
| MENA non-oil exports (\$bn) | 46.1 | 64.4 | 85.1 | 108.9 | 115.9 | 111.5 |
| MENA worker remittance receipts (\$bn) | 11.0 | 12.6 | 12.9 | 13.2 | 13.6 | 13.6 |
| MENA Tourism revenues (\$bn) | 8.9 | 13.7 | 15.2 | 16.5 | 17.7 | 19.0 |
| Memo items: | | | | | | |
| Growth of world oil demand (mb/d, %) | 1.5 | 0.8 | 2.3 | 3.4 | 1.7 | 1.7 |
| Growth of MENA oil production | 2.0 | -8.7 | 9.0 | 5.9 | 0.6 | 0.8 |
| Oil price, (ch%) | 2.1 | 2.4 | 15.9 | 30.5 | 6.1 | -10.0 |
| Growth of MENA hydrocarbons exports (%) | 6.0 | 1.2 | 27.4 | 36.7 | 4.6 | -7.1 |
| MENA Hydrocarbon exports per-capita (\$) | 464.4 | 568.4 | 710.3 | 950.0 | 972.8 | 884.6 |
| Real hydrocarbon exports per capita /1 | 408.4 | 445.6 | 546.9 | 715.5 | 716.5 | 638.7 |
| Worker remittance receipts per capita | 45.8 | 45.1 | 45.3 | 45.3 | 45.9 | 44.9 |
| Tourism revenues per capita | 36.9 | 49.2 | 53.6 | 56.8 | 59.7 | 62.7 |

Source: World Bank

Notes: /1 Converted to real terms using U.S. GDP deflator, base 1990.

Table 2
Oil exporters: the fiscal dimension

| <i>billions U.S. Dollars</i> | 1990-2000 | 2002 | 2003 | 2004 | 2005 | 2006 |
|--|------------------|--------------|--------------|--------------|--------------|--------------|
| | averages | | | Estimate | Projections | |
| Current revenues | 96.1 | 218.0 | 260.9 | 329.2 | 337.7 | 319.6 |
| Tax (direct and indirect) | 51.1 | 98.4 | 125.3 | 167.3 | 176.6 | 165.1 |
| Non-tax | 20.0 | 36.8 | 46.9 | 63.4 | 62.1 | 57.7 |
| Other current revenues | 25.0 | 82.8 | 88.8 | 98.4 | 99.0 | 96.9 |
| Grants | 0.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Current revenues plus grants | 96.5 | 218.0 | 260.9 | 329.2 | 337.7 | 319.6 |
| Capital revenues | 0.1 | 0.0 | 0.1 | 0.1 | 0.1 | 0.0 |
| Total revenues | 96.6 | 218.0 | 261.1 | 329.2 | 337.7 | 319.7 |
| Current expenditures | 88.1 | 174.9 | 190.9 | 224.0 | 249.9 | 252.2 |
| Goods, services and wages | 70.2 | 120.7 | 132.2 | 158.5 | 179.5 | 181.3 |
| Domestic transfers and subsidies | 15.2 | 50.3 | 55.4 | 62.2 | 66.1 | 67.3 |
| Interest payments | 2.5 | 3.8 | 3.3 | 3.3 | 4.3 | 3.7 |
| Other current expenditures | 0.2 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| Capital spending plus net lending | 23.7 | 36.8 | 41.7 | 49.3 | 56.9 | 58.4 |
| Total expenditures | 111.9 | 211.7 | 232.6 | 273.3 | 306.8 | 310.6 |
| Balances | | | | | | |
| Current balance | 8.4 | 43.1 | 70.0 | 105.2 | 87.7 | 67.4 |
| Capital balance | -23.6 | -36.8 | -41.5 | -49.2 | -56.9 | -58.3 |
| Overall balance | -15.2 | 6.3 | 28.5 | 56.0 | 30.9 | 9.1 |
| Percent of GDP | | | | | | |
| Total revenues incl grants | 23.3 | 41.7 | 43.7 | 46.6 | 45.1 | 41.9 |
| Total expenditures incl NLD | 27.0 | 40.5 | 38.9 | 38.7 | 41.0 | 40.7 |
| Current balance | 2.0 | 8.3 | 11.7 | 14.9 | 11.7 | 8.8 |
| Capital balance | -5.7 | -7.0 | -6.9 | -7.0 | -7.6 | -7.6 |
| Overall balance | -3.7 | 1.2 | 4.8 | 7.9 | 4.1 | 1.2 |

Source: World Bank

| Table 3 | | | | | | |
|--|-----------|-------|-------|----------|-------------|-------|
| MENA external accounts (1990-2006) | | | | | | |
| <i>U.S. dollars, growth rates, or as indicated</i> | averages | | | Estimate | Projections | |
| | 1990-2000 | 2002 | 2003 | 2004 | 2005 | 2006 |
| MENA Geographic Region | | | | | | |
| Export revenues (GNFS) \$bn | 182.0 | 258.1 | 327.2 | 428.6 | 451.5 | 429.8 |
| Export volume growth (%) | 4.2 | 3.9 | 13.6 | 6.1 | 3.9 | 3.9 |
| Current account balance \$bn | 1.6 | 33.4 | 71.3 | 133.5 | 134.3 | 101.4 |
| Resource-poor Labor abundant | | | | | | |
| Export revenues (GNFS) \$bn | 31.8 | 42.5 | 49.8 | 56.3 | 60.8 | 63.7 |
| Export volume growth (%) | 3.3 | 5.7 | 17.1 | 7.3 | 6.1 | 6.0 |
| Current account balance \$bn | -0.8 | 1.7 | 5.6 | 3.9 | 2.4 | 2.3 |
| Egypt | | | | | | |
| Export revenues (GNFS) \$bn | 12.9 | 16.4 | 20.1 | 22.0 | 23.4 | 23.8 |
| Export volume growth (%) | 4.0 | 4.5 | 29.1 | 8.0 | 5.7 | 4.8 |
| Current account balance \$bn | 0.5 | 0.6 | 3.7 | 3.3 | 3.5 | 3.0 |
| Jordan | | | | | | |
| Export revenues (GNFS) \$bn | 3.2 | 4.3 | 4.6 | 5.3 | 5.7 | 6.2 |
| Export volume growth (%) | 2.8 | 13.4 | 6.3 | 10.4 | 8.0 | 7.0 |
| Current account balance \$bn | -0.2 | 0.4 | 1.0 | 0.4 | 0.3 | 0.5 |
| Morocco | | | | | | |
| Export revenues (GNFS) \$bn | 8.5 | 12.2 | 14.2 | 16.6 | 18.6 | 20.1 |
| Export volume growth (%) | 3.6 | 9.0 | 16.9 | 7.8 | 6.8 | 7.6 |
| Current account balance \$bn | -0.4 | 1.5 | 1.6 | 1.2 | -0.3 | -0.4 |
| Tunisia | | | | | | |
| Export revenues (GNFS) \$bn | 7.2 | 9.5 | 11.0 | 12.4 | 13.0 | 13.6 |
| Export volume growth (%) | 2.2 | -0.1 | 5.0 | 4.0 | 5.0 | 5.3 |
| Current account balance \$bn | -0.7 | -0.7 | -0.7 | -1.0 | -1.0 | -0.8 |
| Resource-rich Labor abundant | | | | | | |
| Export revenues (GNFS) \$bn | 40.9 | 63.2 | 82.4 | 109.7 | 114.6 | 108.3 |
| Export volume growth (%) | 3.5 | 14.3 | 14.9 | 4.9 | 3.7 | 3.8 |
| Current account balance \$bn | 3.2 | 12.0 | 18.5 | 35.5 | 34.9 | 26.4 |
| Algeria | | | | | | |
| Export revenues (GNFS) \$bn | 12.9 | 18.9 | 25.5 | 35.4 | 35.7 | 34.0 |
| Export volume growth (%) | 2.2 | 4.6 | 6.4 | 4.2 | 3.8 | 4.3 |
| Current account balance \$bn | 1.7 | 6.0 | 9.8 | 16.6 | 13.9 | 10.9 |
| Iran | | | | | | |
| Export revenues (GNFS) \$bn | 20.7 | 32.3 | 45.5 | 59.6 | 63.1 | 59.4 |
| Export volume growth (%) | 4.1 | 22.9 | 28.5 | 5.4 | 3.7 | 3.7 |
| Current account balance \$bn | 1.2 | 4.0 | 7.9 | 16.8 | 18.5 | 14.0 |
| Syria | | | | | | |
| Export revenues (GNFS) \$bn | 5.3 | 8.2 | 7.1 | 9.2 | 9.7 | 9.2 |
| Export volume growth (%) | 3.3 | 5.5 | -21.8 | 5.0 | 3.0 | 2.6 |
| Current account balance \$bn | 0.3 | 1.4 | 0.8 | 1.5 | 1.7 | 1.1 |
| Yemen | | | | | | |
| Export revenues (GNFS) \$bn | 2.1 | 3.8 | 4.3 | 5.6 | 6.0 | 5.6 |
| Export volume growth (%) | 6.7 | 6.0 | 0.3 | 2.4 | 5.0 | 3.7 |
| Current account balance \$bn | 0.0 | 0.5 | 0.1 | 0.6 | 0.8 | 0.4 |
| Resource-rich Labor importing | | | | | | |
| Export revenues (GNFS) \$bn | 109.2 | 152.4 | 195.0 | 262.6 | 276.1 | 257.8 |
| Export volume growth (%) | 4.8 | -1.0 | 11.7 | 6.1 | 3.2 | 3.2 |
| Current account balance \$bn | -0.7 | 19.7 | 47.2 | 94.1 | 96.9 | 72.7 |
| Bahrain | | | | | | |
| Export revenues (GNFS) \$bn | 4.6 | 7.0 | 7.8 | 10.4 | 11.5 | 11.4 |
| Export volume growth (%) | 3.1 | 12.5 | 1.0 | 8.3 | 7.9 | 7.2 |
| Current account balance \$bn | -0.4 | -0.5 | -0.1 | 0.9 | 1.3 | 1.1 |
| Kuwait | | | | | | |
| Export revenues (GNFS) \$bn | 12.3 | 17.0 | 22.9 | 31.3 | 32.9 | 30.6 |
| Export volume growth (%) | 7.5 | -5.9 | 16.4 | 7.8 | 2.3 | 1.6 |
| Current account balance \$bn | 2.2 | 4.3 | 7.6 | 13.7 | 13.9 | 10.7 |
| Oman | | | | | | |
| Export revenues (GNFS) \$bn | 6.9 | 11.6 | 15.3 | 19.4 | 17.9 | 16.4 |
| Export volume growth (%) | 5.8 | -0.8 | -7.8 | 3.8 | 4.2 | 5.8 |
| Current account balance \$bn | 0.0 | 1.8 | 4.6 | 7.6 | 5.4 | 3.4 |
| Saudi Arabia | | | | | | |
| Export revenues (GNFS) \$bn | 55.2 | 77.7 | 100.7 | 136.4 | 144.3 | 134.6 |
| Export volume growth (%) | 3.8 | 4.4 | 15.3 | 6.2 | 2.8 | 2.9 |
| Current account balance \$bn | -7.3 | 11.9 | 29.7 | 56.8 | 60.6 | 48.0 |
| United Arab Emirates | | | | | | |
| Export revenues (GNFS) \$bn | 30.2 | 39.1 | 48.4 | 65.2 | 69.4 | 64.8 |
| Export volume growth (%) | 5.7 | -10.6 | 10.4 | 5.3 | 3.3 | 3.1 |
| Current account balance \$bn | 4.7 | 2.3 | 5.4 | 15.1 | 15.7 | 9.5 |

Source: World Bank

| Table 4 | | | | | | | |
|--|-----------|----------|-------|-------|-------------|-------|-----|
| MENA fiscal balances | | | | | | | |
| <i>Current U.S. dollars, and as a share of GDP</i> | averages | Estimate | | | Projections | | |
| | 1990-2000 | 2002 | 2003 | 2004 | 2005 | 2006 | |
| MENA Geographic Region | | | | | | | |
| Total revenues, \$ bn | 130.2 | 253.1 | 299.9 | 368.4 | 379.1 | 363.0 | |
| Total expenditures, \$ bn | 147.2 | 257.2 | 276.9 | 318.4 | 353.8 | 359.2 | |
| Overall balance to GDP (%) | -3.2 | 2.6 | -0.6 | 3.0 | 5.8 | 2.8 | 0.4 |
| Resource-poor Labor abundant | | | | | | | |
| Total revenues, \$ bn | 33.6 | 35.1 | 38.8 | 39.1 | 41.4 | 43.3 | |
| Total expenditures, \$ bn | 35.3 | 45.5 | 44.3 | 45.2 | 46.9 | 48.7 | |
| Overall balance to GDP (%) | -1.5 | -6.7 | -3.4 | -3.8 | -3.3 | -2.9 | |
| Egypt | | | | | | | |
| Total revenues, \$ bn | 19.9 | 17.6 | 17.1 | 15.8 | 16.9 | 18.7 | |
| Total expenditures, \$ bn | 21.0 | 27.0 | 22.2 | 20.7 | 21.6 | 22.2 | |
| Overall balance to GDP (%) | -1.4 | -10.4 | -6.2 | -7.1 | -6.3 | -4.5 | |
| Jordan | | | | | | | |
| Total revenues, \$ bn | 2.1 | 3.2 | 3.7 | 3.6 | 3.6 | 3.9 | |
| Total expenditures, \$ bn | 2.2 | 3.3 | 3.8 | 3.8 | 4.0 | 4.2 | |
| Overall balance to GDP (%) | -1.0 | -0.2 | -0.8 | -1.9 | -3.6 | -2.9 | |
| Morocco | | | | | | | |
| Total revenues, \$ bn | 8.3 | 9.0 | 12.0 | 13.1 | 13.8 | 13.2 | |
| Total expenditures, \$ bn | 8.1 | 9.4 | 11.5 | 13.0 | 13.2 | 13.6 | |
| Overall balance to GDP (%) | 0.7 | -1.1 | 1.1 | 0.2 | 1.0 | -0.8 | |
| Tunisia | | | | | | | |
| Total revenues, \$ bn | 4.4 | 5.2 | 6.0 | 6.7 | 7.1 | 7.7 | |
| Total expenditures, \$ bn | 5.1 | 5.9 | 6.8 | 7.6 | 8.1 | 8.6 | |
| Overall balance to GDP (%) | -3.7 | -3.1 | -3.2 | -3.4 | -3.4 | -3.1 | |
| Resource-rich Labor abundant | | | | | | | |
| Total revenues, \$ bn | 38.7 | 59.4 | 72.5 | 93.2 | 92.8 | 88.4 | |
| Total expenditures, \$ bn | 45.5 | 60.1 | 70.5 | 84.6 | 93.5 | 96.8 | |
| Overall balance to GDP (%) | -3.7 | -0.3 | 0.9 | 3.2 | -0.2 | -2.9 | |
| Algeria | | | | | | | |
| Total revenues, \$ bn | 14.7 | 20.1 | 25.4 | 35.9 | 33.9 | 32.8 | |
| Total expenditures, \$ bn | 12.9 | 17.3 | 22.1 | 27.8 | 31.1 | 31.5 | |
| Overall balance to GDP (%) | 3.8 | 5.0 | 5.2 | 10.7 | 3.6 | 1.6 | |
| Iran | | | | | | | |
| Total revenues, \$ bn | 20.1 | 30.5 | 38.2 | 48.2 | 49.9 | 46.8 | |
| Total expenditures, \$ bn | 27.6 | 33.2 | 38.5 | 46.3 | 51.9 | 54.7 | |
| Overall balance to GDP (%) | -6.1 | -2.4 | -0.2 | 1.2 | -1.2 | -4.7 | |
| Syria | | | | | | | |
| Total revenues, \$ bn | 3.3 | 5.6 | 5.3 | 5.1 | 5.4 | 5.7 | |
| Total expenditures, \$ bn | 3.4 | 6.2 | 6.0 | 6.2 | 6.6 | 7.0 | |
| Overall balance to GDP (%) | -1.1 | -3.2 | -3.1 | -4.3 | -4.2 | -4.3 | |
| Yemen | | | | | | | |
| Total revenues, \$ bn | 1.6 | 3.2 | 3.6 | 4.0 | 3.7 | 3.0 | |
| Total expenditures, \$ bn | 1.8 | 3.3 | 3.9 | 4.2 | 4.0 | 3.6 | |
| Overall balance to GDP (%) | -5.3 | -0.7 | -3.0 | -1.8 | -2.3 | -4.6 | |
| Resource-rich Labor importing | | | | | | | |
| Total revenues, \$ bn | 57.9 | 158.6 | 188.5 | 236.0 | 244.9 | 231.3 | |
| Total expenditures, \$ bn | 66.4 | 151.6 | 162.0 | 188.7 | 213.3 | 213.8 | |
| Overall balance to GDP (%) | -3.6 | 2.2 | 7.3 | 10.9 | 6.8 | 3.7 | |
| Bahrain | | | | | | | |
| Total revenues, \$ bn | 1.7 | 2.5 | 2.8 | 3.2 | 3.7 | 3.8 | |
| Total expenditures, \$ bn | 1.9 | 2.5 | 2.7 | 3.1 | 3.4 | 3.6 | |
| Overall balance to GDP (%) | -3.4 | -0.2 | 2.3 | 2.0 | 2.5 | 1.5 | |
| Kuwait | | | | | | | |
| Total revenues, \$ bn | 9.9 | 23.0 | 27.4 | 34.0 | 35.0 | 32.7 | |
| Total expenditures, \$ bn | 15.1 | 15.6 | 17.2 | 21.7 | 25.2 | 27.1 | |
| Overall balance to GDP (%) | -35.2 | 21.2 | 24.4 | 23.7 | 17.5 | 9.7 | |
| Oman | | | | | | | |
| Total revenues, \$ bn | 3.9 | 4.7 | 6.2 | 7.9 | 7.3 | 6.6 | |
| Total expenditures, \$ bn | 4.9 | 4.9 | 5.4 | 6.2 | 7.0 | 7.1 | |
| Overall balance to GDP (%) | -8.0 | -0.9 | 3.9 | 7.8 | 1.2 | -1.7 | |
| Saudi Arabia | | | | | | | |
| Total revenues, \$ bn | 40.9 | 121.7 | 143.7 | 179.6 | 186.8 | 177.1 | |
| Total expenditures, \$ bn | 44.3 | 122.6 | 130.5 | 149.4 | 168.9 | 166.9 | |
| Overall balance to GDP (%) | -2.4 | -0.5 | 6.2 | 11.9 | 6.6 | 3.7 | |
| United Arab Emirates | | | | | | | |
| Total revenues, \$ bn | 5.1 | 6.7 | 8.3 | 11.3 | 12.0 | 11.1 | |
| Total expenditures, \$ bn | 4.8 | 6.3 | 6.5 | 8.6 | 9.2 | 9.3 | |
| Overall balance to GDP (%) | 0.4 | 0.6 | 2.3 | 2.7 | 2.8 | 1.8 | |

Source: World Bank

| Table 5 | | | | | |
|--|-----------------------|-------|-------|-------|-------|
| MENA external debt and aid flows | | | | | |
| <i>U.S. dollars, growth rates, or as indicated</i> | averages 1990-2000 | 2000 | 2001 | 2002 | 2003 |
| MENA Geographic Region | | | | | |
| External debt \$bn | 174.9 | 180.7 | 178.4 | 189.0 | 188.1 |
| Grants and technical cooperation \$bn | 4.2 | 3.1 | 2.9 | 3.2 | |
| Debt to GDP (%) | 20.1 | 32.0 | 31.1 | 33.0 | 33.6 |
| Resource-poor Labor abundant | | | | | |
| External debt \$bn | 73.0 | 67.9 | 67.0 | 70.1 | |
| Grants and technical cooperation \$bn | 3.5 | 2.5 | 2.4 | 2.6 | |
| Debt to GDP (%) | 67.0 | 42.2 | 41.6 | 44.8 | |
| Egypt | | | | | |
| External debt \$bn | 31.9 | 29.2 | 29.3 | 30.8 | |
| Grants and technical cooperation \$bn | 2.4 | 1.4 | 1.4 | 1.4 | |
| Debt to GDP (%) | 58.6 | 29.1 | 29.5 | 34.2 | |
| Jordan | | | | | |
| External debt \$bn | 7.9 | 7.4 | 7.5 | 8.1 | |
| Grants and technical cooperation \$bn | 0.4 | 0.5 | 0.5 | 0.5 | |
| Debt to GDP (%) | 143.7 | 87.1 | 85.0 | 87.0 | |
| Morocco | | | | | |
| External debt \$bn | 23.4 | 20.7 | 19.3 | 18.6 | |
| Grants and technical cooperation \$bn | 0.5 | 0.4 | 0.4 | 0.4 | |
| Debt to GDP (%) | 78.5 | 63.8 | 58.4 | 52.6 | |
| Tunisia | | | | | |
| External debt \$bn | 9.9 | 10.6 | 10.9 | 12.6 | |
| Grants and technical cooperation \$bn | 0.2 | 0.1 | 0.2 | 0.2 | |
| Debt to GDP (%) | 62.1 | 57.4 | 57.1 | 63.0 | |
| Resource-rich Labor abundant | | | | | |
| External debt \$bn | 71.9 | 60.0 | 56.5 | 58.7 | |
| Grants and technical cooperation \$bn | 0.7 | 0.6 | 0.5 | 0.6 | |
| Debt to GDP (%) | 49.1 | 32.9 | 28.2 | 29.4 | |
| Algeria | | | | | |
| External debt \$bn | 29.7 | 25.3 | 22.6 | 22.8 | |
| Grants and technical cooperation \$bn | 0.2 | 0.1 | 0.1 | 0.2 | |
| Debt to GDP (%) | 65.7 | 49.8 | 42.5 | 42.5 | |
| Iran | | | | | |
| External debt \$bn | 15.7 | 8.0 | 7.5 | 9.2 | |
| Grants and technical cooperation \$bn | 0.2 | 0.1 | 0.1 | 0.1 | |
| Debt to GDP (%) | 20.1 | 7.9 | 6.2 | 8.0 | |
| Syria | | | | | |
| External debt \$bn | 20.5 | 21.7 | 21.3 | 21.5 | |
| Grants and technical cooperation \$bn | 0.2 | 0.1 | 0.1 | 0.1 | |
| Debt to GNI (%) | 158.5 | 125.7 | 116.5 | 113.0 | |
| Yemen | | | | | |
| External debt \$bn | 6.0 | 5.1 | 5.1 | 5.3 | |
| Grants and technical cooperation \$bn | 0.2 | 0.2 | 0.2 | 0.2 | |
| Debt to GDP (%) | 124.1 | 58.8 | 57.5 | 57.4 | |
| Resource-rich Labor importing | | | | | |
| External debt \$bn | 4.8 | 6.6 | 6.0 | 4.6 | |
| Grants and technical cooperation \$bn | 0.0 | 0.0 | 0.0 | 0.0 | |
| Debt to GDP (%) | 0.0 | 0.0 | 0.0 | 0.0 | |
| Bahrain | | | | | |
| External debt \$bn | 0.0 | 0.0 | 0.0 | 0.0 | |
| Grants and technical cooperation \$bn | 0.0 | 0.0 | 0.0 | 0.0 | |
| Debt to GDP (%) | 0.0 | 0.0 | 0.0 | 0.0 | |
| Kuwait | | | | | |
| External debt \$bn | 0.0 | 0.0 | 0.0 | 0.0 | |
| Grants and technical cooperation \$bn | 0.0 | 0.0 | 0.0 | 0.0 | |
| Debt to GDP (%) | 0.0 | 0.0 | 0.0 | 0.0 | |
| Oman | | | | | |
| External debt \$bn | 4.8 | 6.6 | 6.0 | 4.6 | |
| Grants and technical cooperation \$bn | 0.0 | 0.0 | 0.0 | 0.0 | |
| Debt to GDP (%) | 38.1 | 34.3 | 31.1 | 23.4 | |
| Saudi Arabia | | | | | |
| External debt \$bn | 0.0 | 0.0 | 0.0 | 0.0 | |
| Grants and technical cooperation \$bn | 0.0 | 0.0 | 0.0 | 0.0 | |
| Debt to GDP (%) | 0.0 | 0.0 | 0.0 | 0.0 | |
| United Arab Emirates | | | | | |
| External debt \$bn | 0.0 | 0.0 | 0.0 | 0.0 | |
| Grants and technical cooperation \$bn | 0.0 | 0.0 | 0.0 | 0.0 | |
| Debt to GDP (%) | 0.0 | 0.0 | 0.0 | 0.0 | |

Source: World Bank

| Table 6 | | | | | | |
|--|------------|------------|------------|------------|-------------|------------|
| MENA inflation (1990-2006) | | | | | | |
| Private consumption deflator (%), regional/sub-regional rates are medians | averages | | | Estimate | Projections | |
| | 1990-2000 | 2002 | 2003 | 2004 | 2005 | 2006 |
| MENA Geographic Region | 3.3 | 3.2 | 3.6 | 3.6 | 3.5 | 4.1 |
| Resource-poor Labor abundant | 4.3 | 4.0 | 3.1 | 4.3 | 4.2 | 5.1 |
| Egypt | 4.4 | 2.4 | 2.5 | 1.1 | 3.1 | 4.7 |
| Jordan | 4.9 | 4.1 | -0.6 | 7.6 | 5.5 | 5.5 |
| Morocco | 2.5 | 4.6 | 7.9 | 3.6 | 3.0 | 4.1 |
| Tunisia | 4.3 | 3.9 | 3.7 | 5.0 | 5.2 | 5.5 |
| Resource-rich Labor abundant | 2.8 | 3.8 | 8.7 | 4.1 | 3.7 | 3.5 |
| Algeria | -0.1 | 3.1 | -4.0 | 5.1 | 4.2 | 4.5 |
| Iran | 3.3 | 5.2 | 6.1 | 5.0 | 5.5 | 4.0 |
| Syria | 2.2 | -0.4 | 23.4 | 3.1 | 3.2 | 3.0 |
| Yemen | 4.0 | 4.6 | 11.2 | 2.2 | 2.5 | 2.0 |
| Resource-rich Labor importing | 2.8 | 1.5 | 3.5 | 3.2 | 3.5 | 4.0 |
| Bahrain | 2.8 | 3.2 | 3.5 | 3.2 | 3.5 | 4.0 |
| Kuwait | 3.7 | 0.4 | 3.6 | 6.0 | 5.5 | 5.0 |
| Oman | -9.2 | 5.0 | 3.5 | 3.2 | 3.5 | 4.0 |
| Saudi Arabia | -0.3 | 0.8 | 2.5 | 3.0 | 3.0 | 2.2 |
| United Arab Emirates | 4.4 | 1.5 | 4.0 | 6.0 | 6.5 | 5.0 |

Source: World Bank

ANNEX 2: CONSTRUCTING THE STRUCTURAL REFORM INDICES

At its core, structural reform involves changing the institutional framework and eliminating or reducing constraints that affect market behavior and outcomes. Measuring these changes is a complex process. A wealth of literature on measuring structural reform provides a broad range of outcome-based measures. However, such measures (e.g., of trade reform through trade/GDP ratios) are based on the incorrect assumption that improvements in values are due primarily to policy changes, when they may be affected by a wide variety of factors outside of the policy variable being considered. Policy instruments are thus generally preferable for an analysis of the institutional framework for growth. However the availability of these indicators is often sparse.

Our analysis of structural reform in the region is based primarily on policy instruments (instruments in the direct control of the government), although a few outcome-measurements were utilized to supplement our information base. Using a range of measures of policy changes, three indices of structural reform were composed, summarizing the broad reform progress made in the areas of trade openness, business environment, and governance reform over the past few years.

As explained in chapter 3, structural reform measures took values from 0 to 100, reflecting the country's reform progress in the world cumulative frequency distribution. Progress was measured as the change in the country's ranking worldwide over time, with the greatest positive change in rank (improvement in rank) associated with the cumulative frequency 100.

Where composite indicators were developed, an average of the cumulative frequencies was taken across underlying indicators. This two-stage process (computing the cumulative frequency for each underlying indicator, then averaging across underlying indicators, and expressing as a cumulative frequency) allowed for varying distributions among the underlying rank-progress indicators. An alternate method – simply averaging the change in rank across underlying indicators and expressing as a cumulative frequency – would implicitly and spuriously assume that the ability to move up in rank is equivalent for each structural reform measure. This is likely not to be the case. A unilateral decision to cut tariffs, for example, could result in a country dramatically moving up in worldwide rank over just one period. For other structural reform measures examined, such as the number of procedures required to start a business, because changes often require parliamentary approval, it is much less likely that a country could rise significantly in rank over a short period of time. Nonetheless, small improvements in rank may imply significant reform progress, which we want to fully reflect.

Trade Openness

The index for progress made in trade openness was constructed using a single policy based measure (due to data limitations). The trade reform index measured the change in country rank in a worldwide ranking of simple average tariffs in 2000 and 2004. Tariff information comes from UNCTAD's TRAINS database.

Business Environment

Progress in improving the business environment was measured through changes in country rank with regard to a range of World Bank *Doing Business Indicators*⁷⁷ of business regulation and procedures, supplemented by financial sector information from *World Development Indicators*. Composite indices were developed for five separate areas of business regulation and financial and legal development:

- (1) *Starting a business*: Comprising four separate components from the *Doing Business* indicators– the number of procedures for starting a business, the time required to complete the procedures, the cost for starting a business (in terms of income per capita) and the minimum capital required to start a business (in terms of income per capita). Available for 2003 and 2004.
- (2) *Hiring and firing*: Comprising two *Doing Business* indices measuring the difficulty of hiring and the difficulty of firing. The difficulty of hiring index measures a variety of aspects of hiring, including (i) whether term contracts can only be used for temporary tasks; (ii) the maximum duration of term contracts; (iii) the ratio of the mandated minimum wage (or apprentice wage, if available) to the average value-added per working population. The difficulty of firing index has eight components: (i) whether redundancy is not grounds for dismissal; (ii) whether the employer needs to notify the labor union or the labor ministry for firing one redundant worker; (iii) whether the employer needs to notify the labor union or the labor ministry for group dismissals; (iv) whether the employer needs approval from the labor union or the labor ministry for firing one redundant worker; (v) whether the employer needs approval from the labor union or the labor ministry for group dismissals; (vi) whether the law mandates training or replacement prior to dismissal; (vii) whether priority rules apply for dismissals; and (viii) whether priority rules apply for re-employment. Available for 2003 and 2004.
- (3) *Access to credit*: Measured using the *World Development Indicators* measure of domestic credit provided to the private sector as a share of GDP. Available for 2000 and 2003.

⁷⁷ World Bank 2004a, 2005.

- (4) *Enforcing contracts*: Comprising three separate *Doing Business* components – the average number of procedures required to enforce a contract, the number of days required to enforce a contract, and the average cost to enforce a contract, in terms of country income per capita. Available for 2003 and 2004.
- (5) *Closing a business*: Comprising two *Doing Business* components – the average time (in years) to close a business and the cost (in terms of percent of estate). Available for 2003 and 2004.

In addition to composite indices for each area of business regulation and financial and legal infrastructure, an overall business environment index was computed as the average of the five area composite scores, expressed as a relative cumulative frequency. Thus, a score of 100 reflects that the country in question had the strongest average progress in terms of change of rank across all five business environment areas (with each business area receiving equal weight in the final score).

Governance and public sector reform

Our measurement of governance relies on the methodology developed in the World Bank's 2003 report on governance in the MENA region⁷⁸. From that report, two separate spheres of governance were examined: governance related to public accountability and governance related to the quality of public administration. Using their methodology, two indicators of governance were developed:

- 1) *Index of public accountability (IPA)*: Comprised of 12 separate measures:
- i. Freedom House political rights measure⁷⁹
 - ii. Freedom House civil liberties measure⁸⁰
 - iii. Freedom House freedom of the press ranking⁸¹
 - iv. Center for International Development and Conflict Management (CIDCM) Polity IV database polity score⁸²
 - v. CIDCM Polity IV database regulation of executive recruitment
 - vi. CIDCM Polity IV database competitiveness of executive recruitment

⁷⁸ World Bank 2003b.

⁷⁹ Freedom House 2001a, 2005; ratings for 2000 and 2004.

⁸⁰ Freedom House 2001a, 2005; ratings for 2000 and 2004.

⁸¹ Freedom House 2001b, 2004; ratings for 2000 and 2003.

⁸² Center for International Development and Conflict Management 2004; ratings for 2000 and 2003.

- vii. CIDCM Polity IV database openness of executive recruitment
- viii. CIDCM Polity IV database regulation of participation
- ix. CIDCM Polity IV database competitiveness of participation
- x. CIDCM Policy IV database executive constraints
- xi. Political Risk Services (PRS) index of democratic accountability⁸³
- xii. World Bank Country Policy and Institutional Assessment (CPIA) indicator of transparency and accountability⁸⁴

2) ***Index of quality of public administration (IQA)***: Comprised of 10 separate measures:

- i. Political Risk Services index of corruption
- ii. Political Risk Services index of bureaucratic quality.
- iii. World Bank CPIA property rights and rule bases governance assessment⁸⁵
- iv. World Bank CPIA quality of budgetary and financial management assessment⁸⁶
- v. World Bank CPIA efficiency of revenue mobilization assessment⁸⁷
- vi. World Bank CPIA quality of public administration assessment⁸⁸
- vii. Heritage Foundation index of property rights⁸⁹
- viii. Heritage Foundation index of regulation
- ix. Heritage Foundation index of informal market activity
- x. Djankov and others 2000 (number of procedures)⁹⁰.

From the Governance Report, principal component analysis (PCA) was performed on the twelve and ten measures listed above to derive the two broad governance indicators.

Our measure of progress in these two broad areas of governance utilized the underlying indicators of these governance indices, but not the composite governance indices themselves⁹¹. Within each

⁸³ Political Risk Services 2004; ratings for 2000 and 2003.

⁸⁴ Ratings for 2000 and 2003.

⁸⁵ World Bank 2004e; ratings for 2000 and 2003.

⁸⁶ World Bank 2004e; ratings for 2000 and 2003.

⁸⁷ World Bank 2004e; ratings for 2000 and 2003.

⁸⁸ World Bank 2004e; ratings for 2000 and 2003.

⁸⁹ Heritage Foundation 2005.

⁹⁰ Djankov and others 2000.

⁹¹ We utilized the underlying indicators rather than the composite to get a fuller set of information on structural reform progress.

broad governance indicator, the change in rank was determined for each sub-indicator. A relative cumulative distribution of the change in rank was determined for each sub-indicator, with a mean of 50. The overall governance reform progress indicator was constructed by taking the average of the relative cumulative distributions for all countries in which at least half of the sub-indicators were present. Finally, the results were normalized for ease in interpretation, with mean of 50.

Our indicator of progress in reform of quality of the administration did not utilize the identical underlying indicators as the World Bank's quality of administration governance index, in that it did not include the Djankov⁹² indicator, the reason being that this indicator was subsequently updated and is included as part of the *Doing Business*⁹³ indicators. The Djankov indicator was incorporated in the indicators of progress in structural reform of the business environment.

⁹² Djankov and others 2000.

⁹³ World Bank 2004b.

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