



INTERNATIONAL MONETARY FUND

Middle East and Central Asia Department

A light beige map of the Middle East and North Africa (MENA) region is shown in the background. The map highlights the geographical area covered by the report.

THE MENA REGION

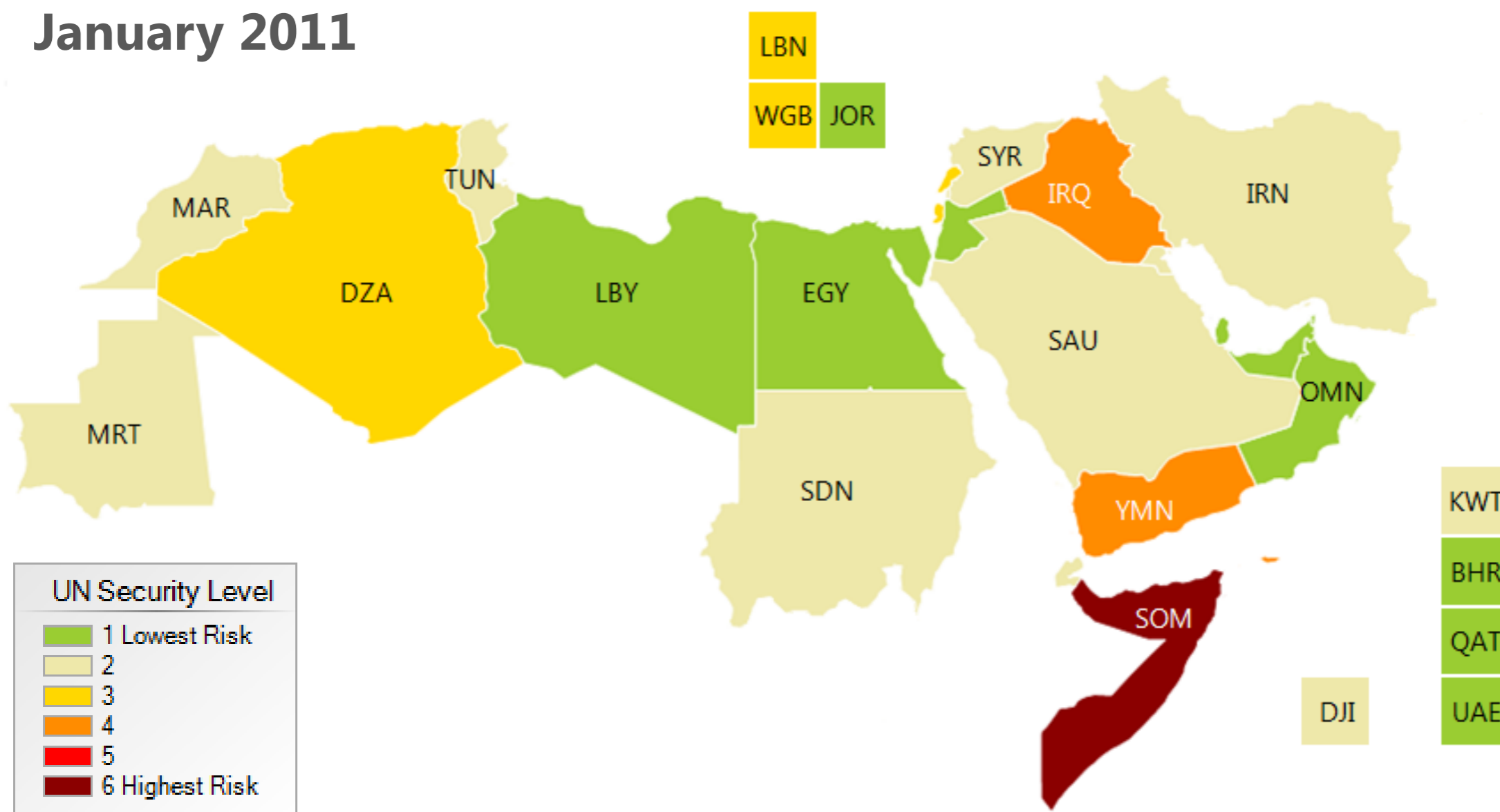
THE ECONOMIC IMPACT OF CONFLICTS

November 29, 2016



The MENA region is exposed to violent conflicts

January 2011



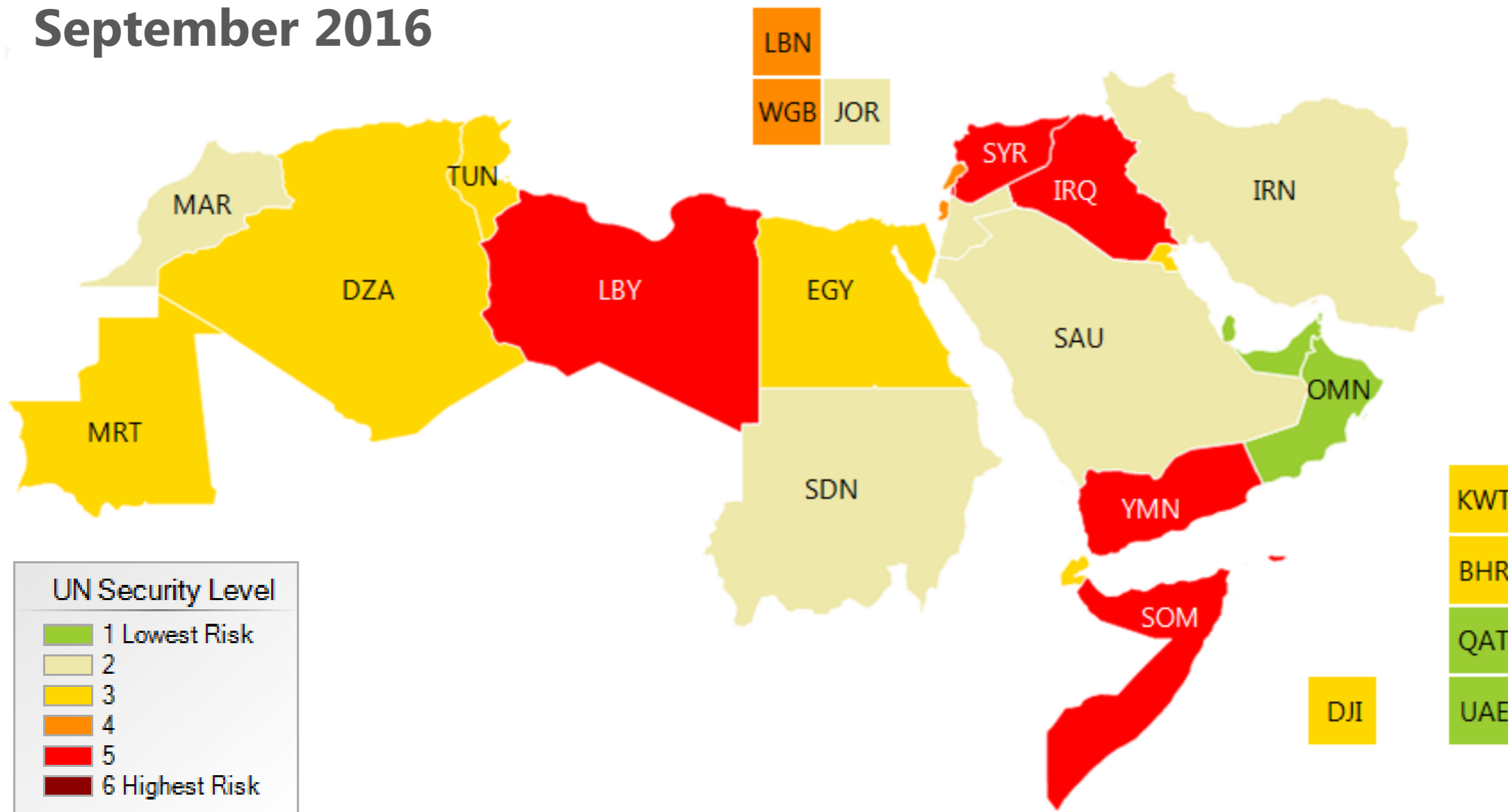
Source: IMF Security Services.

Note: Country borders do not necessarily reflect the IMF's official position.



The MENA region is exposed to violent conflicts

September 2016

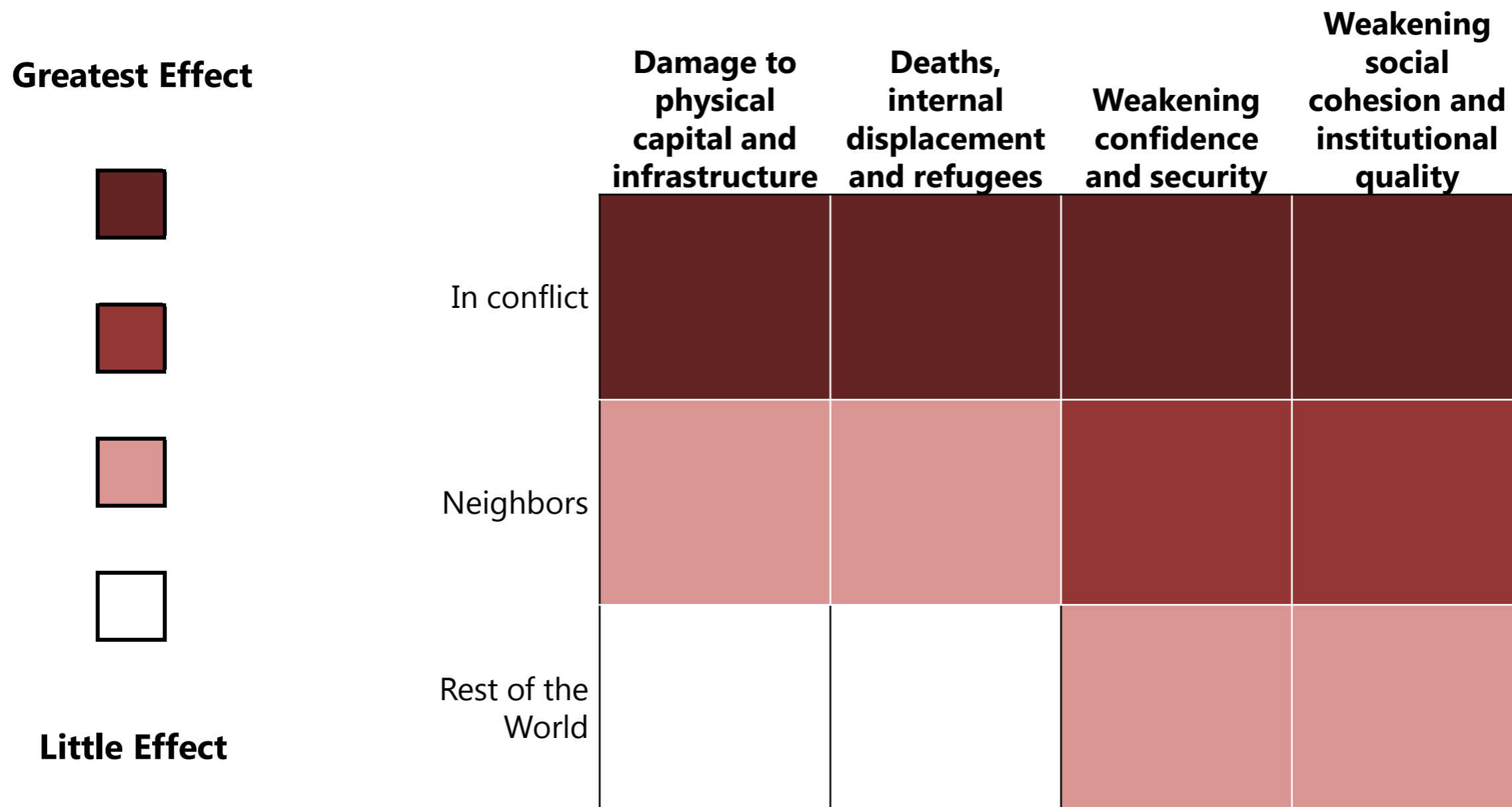


Source: IMF Security Services.

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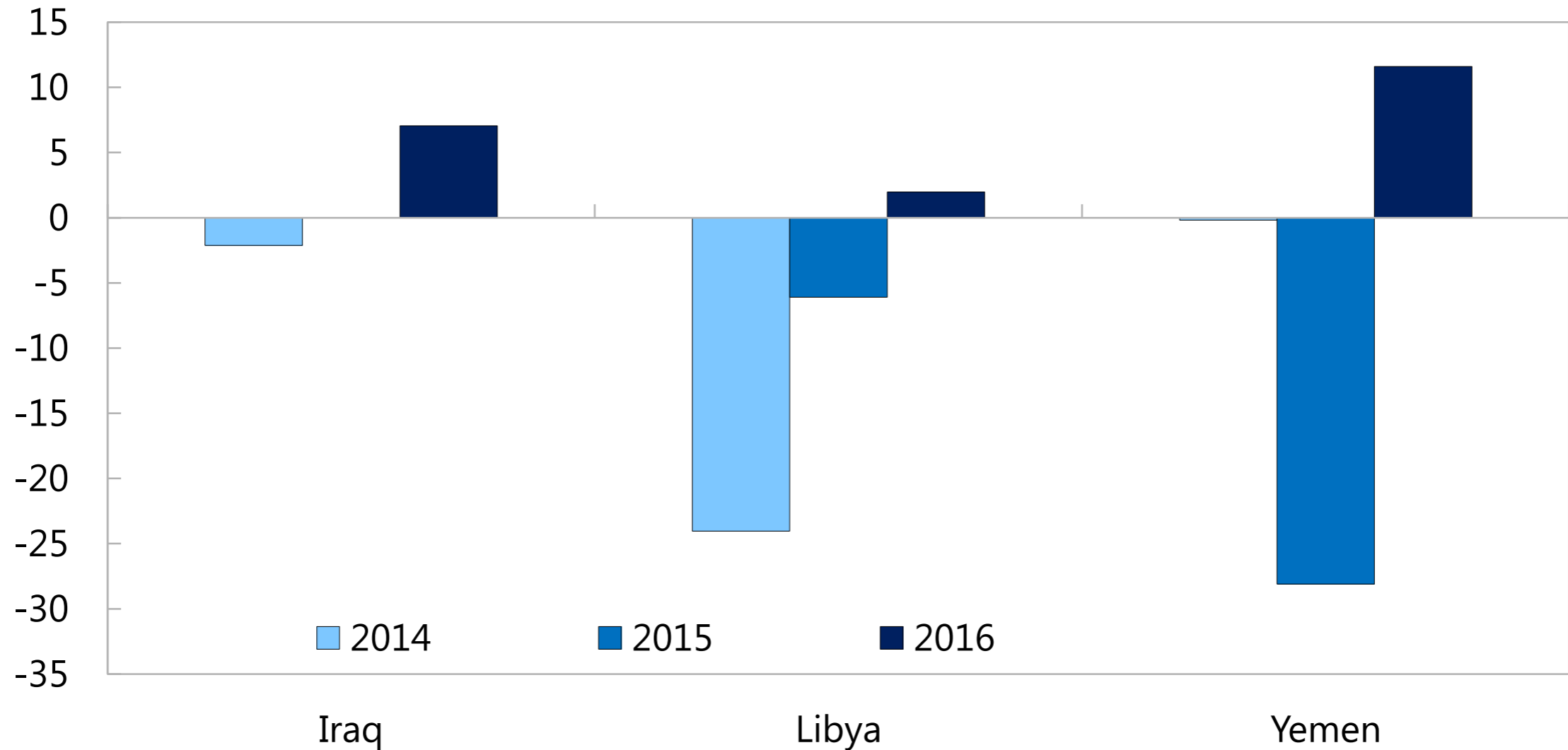
Main economic transmission channels



Note: Human capital includes loss of life, refugees, IDPs.

Conflicts have major economic impacts

Economic Growth in Conflict Countries (Percent change)

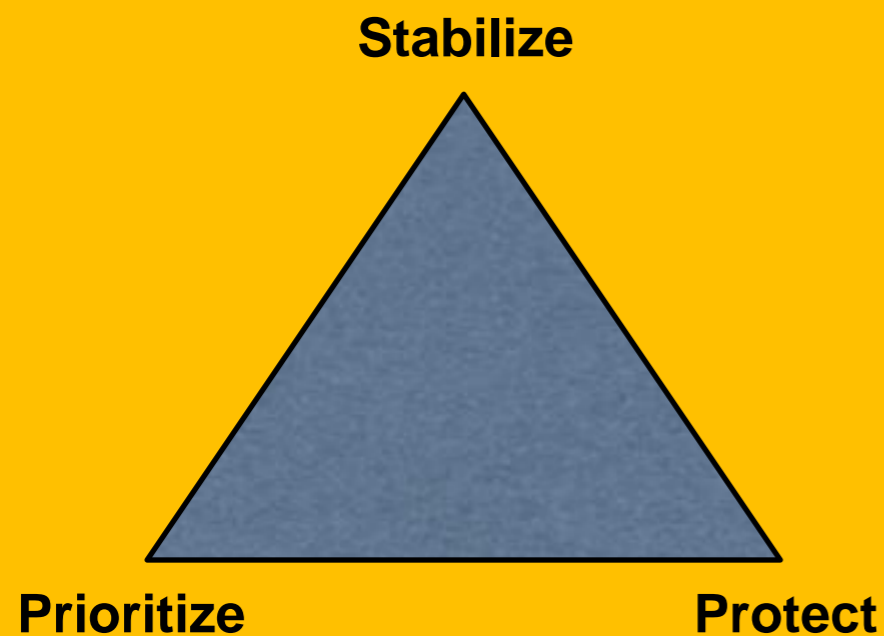


Sources: National authorities; and IMF staff calculations.



Macroeconomic policy response: overview

Limit the immediate impact of conflicts



Longer-term agenda

Inclusive growth reforms

Address longer-term needs of refugees

Post-conflict rebuilding

An agenda to support inclusive growth

Fiscal Policy

- Subsidy reform
- Efficiency of public investment
- PFM; Civil service reform
- Tax reform; Strengthened social protection

Labor Markets

- Female and youth employment
- Public/private sector employment/informality
- Skills mismatches
- Education reforms

Access to Finance

- Access to finance for SMEs
- Financial inclusion
- Banking supervision
- Bank restructuring

Business Climate

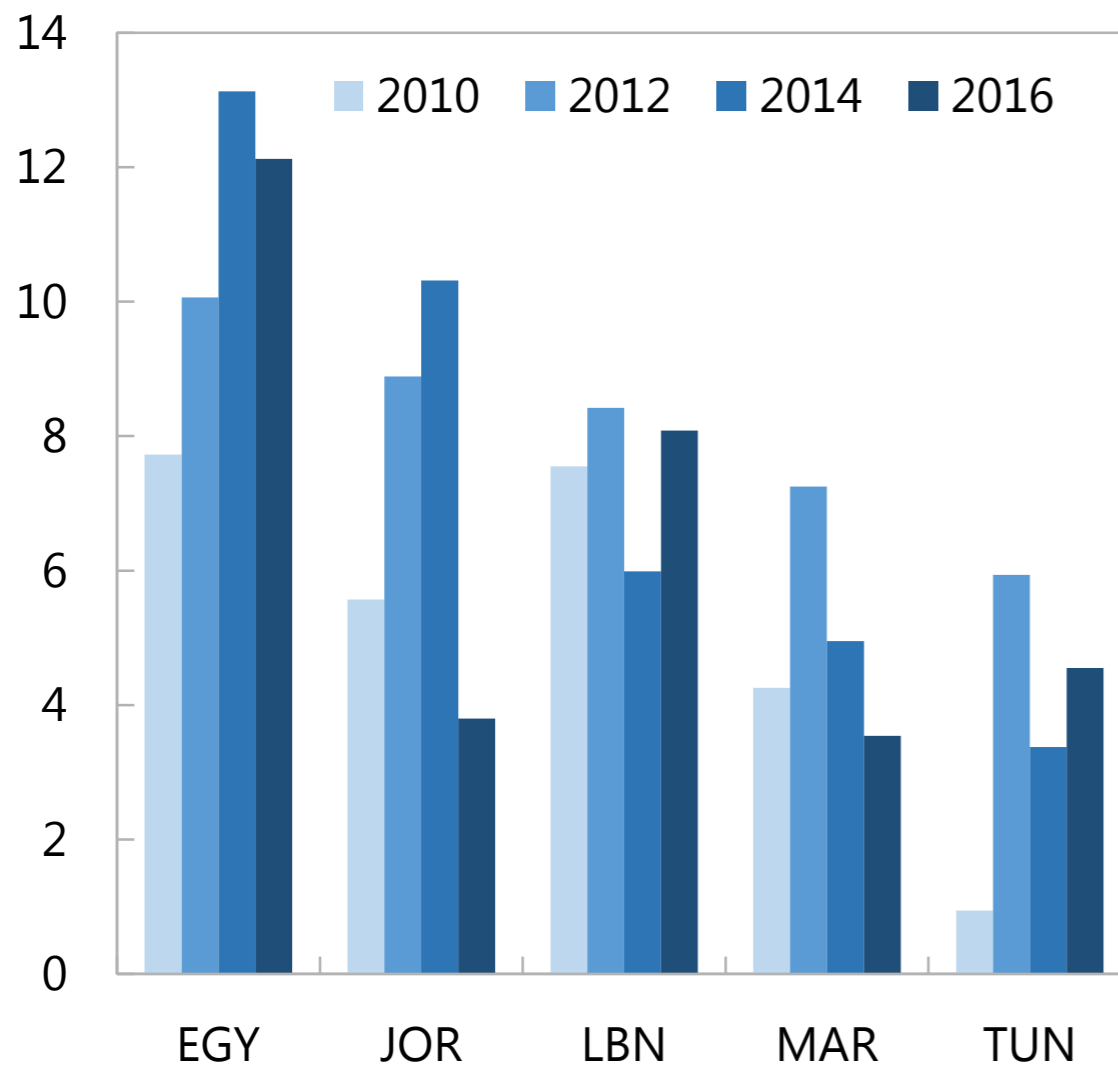
- Simplifying regulations
- Trade openness
- Economic diversification

Governance

- Fiscal and budgetary transparency
- Business and investment codes
- Public enterprise reform
- Enforcement/level-playing field

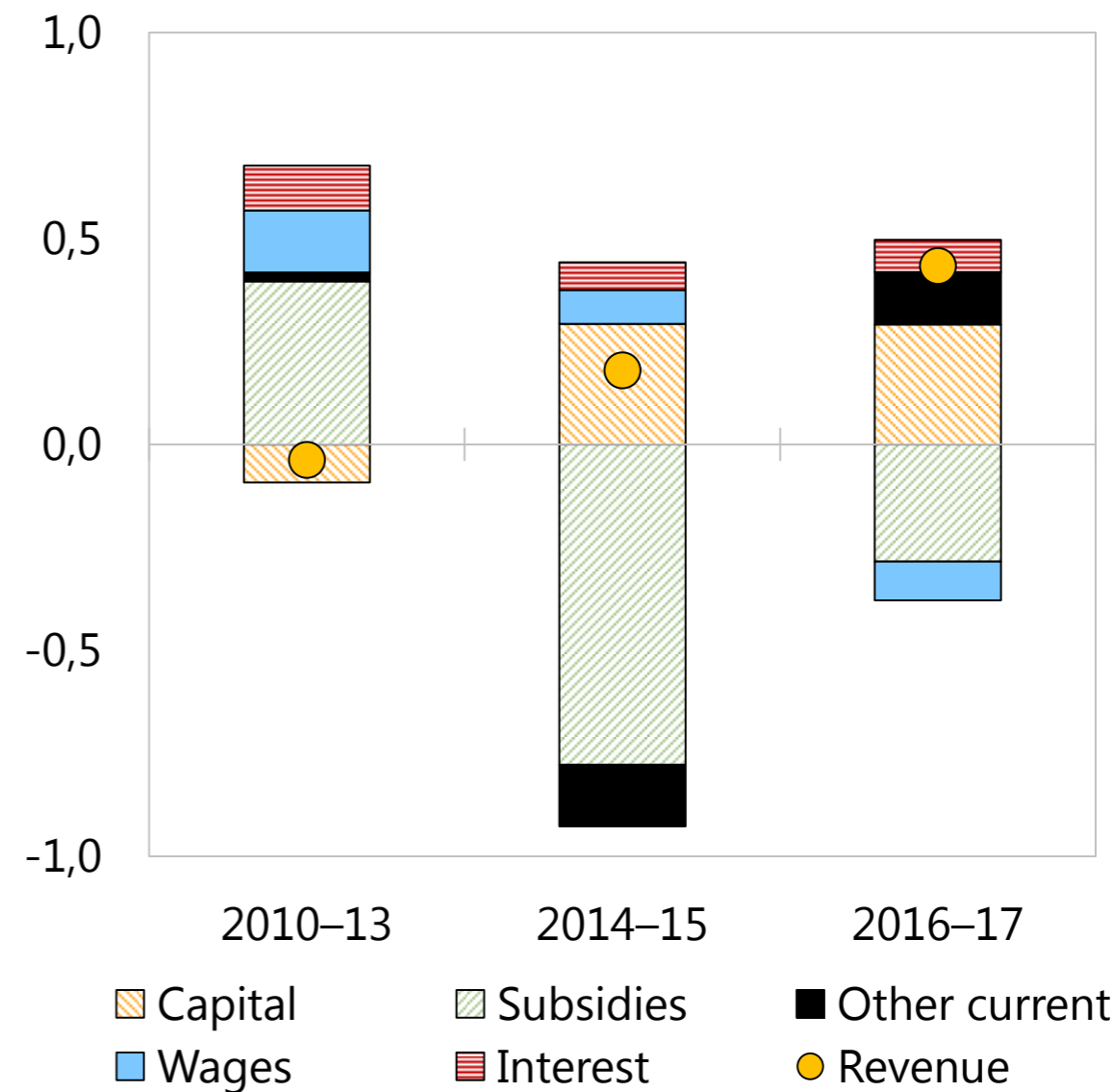
For oil importers, macroeconomic stabilization has advanced...

Budget Deficits (Percent of GDP)



Sources: National authorities, and IMF staff calculations
Note: Excluding NEPCO losses in Jordan.

Changes in Government Revenues and Spending (Percent of GDP, Change from Prior Year)

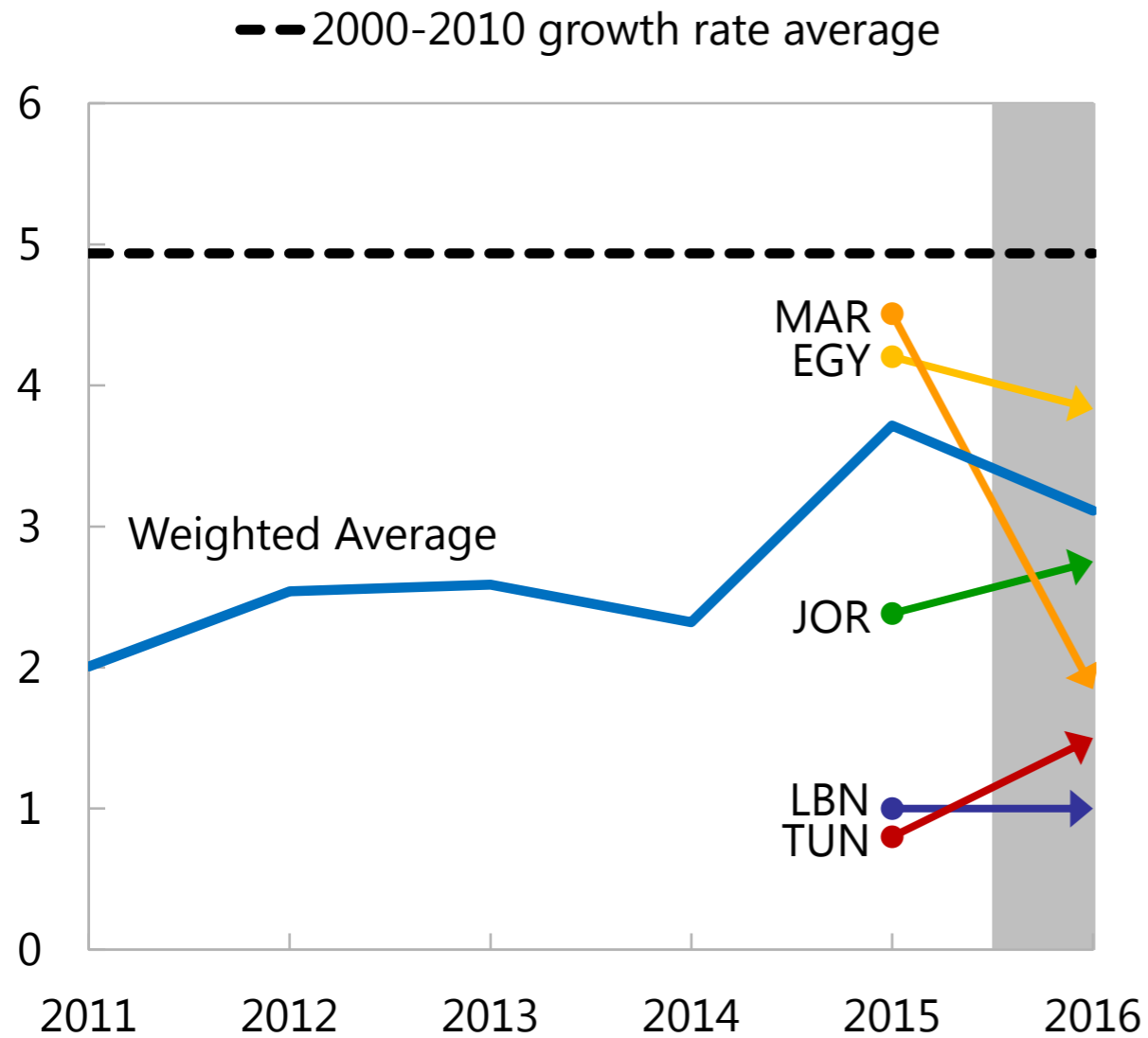


Sources: National authorities, and IMF staff calculations.
Note: Includes Egypt, Jordan, Morocco, Pakistan, and Tunisia..



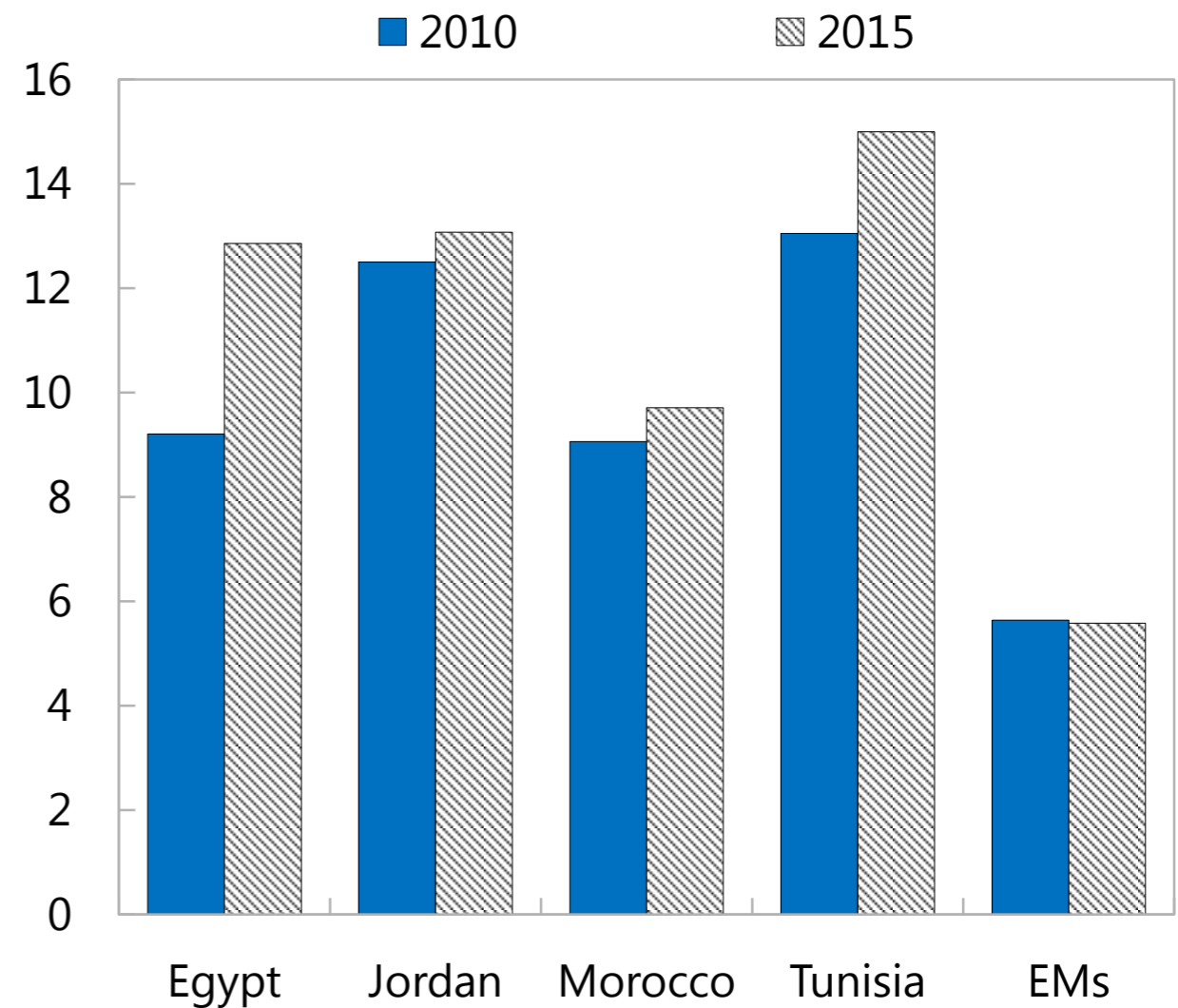
...but growth remains too low to reduce high unemployment

Real GDP Growth Still Below Historical Average
(Weighted average, annual percent change)



Sources: National authorities; and IMF staff estimates.

Unemployment Rates
(In percent)

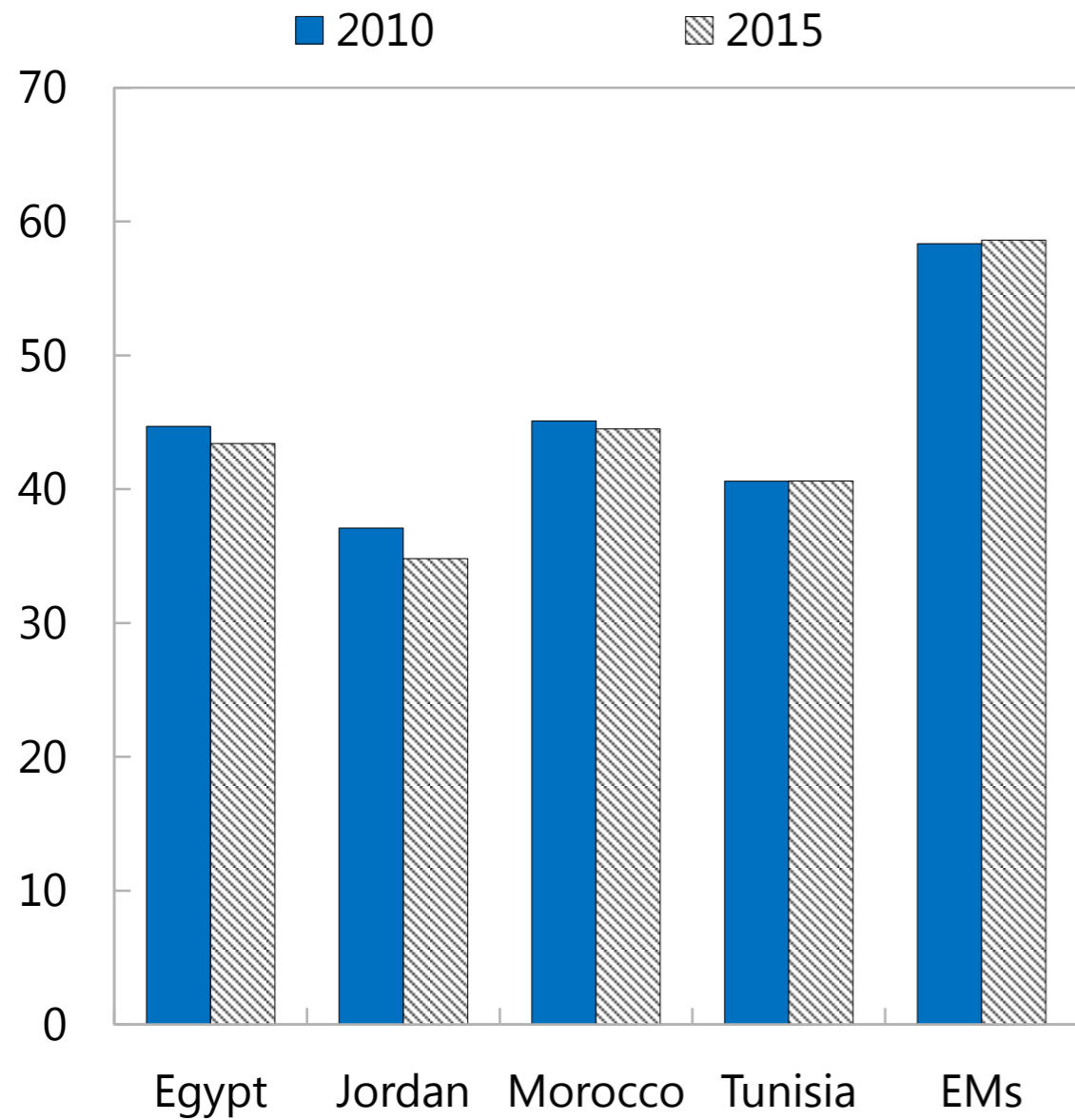


Sources: National authorities, ILO; and IMF staff calculations.



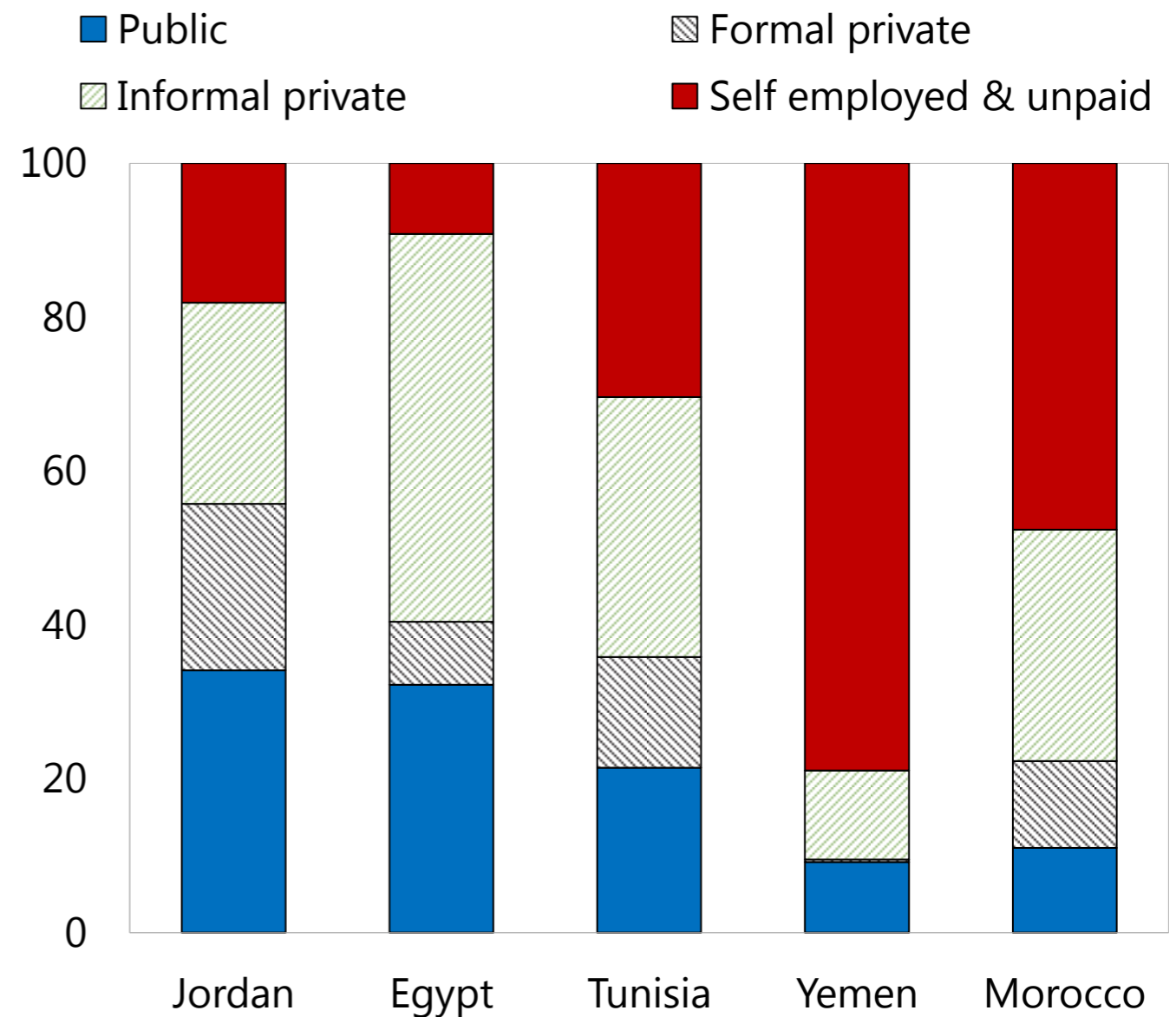
Private sector employment is low in most countries

Employment as a Share of Population
(In percent)



Sources: ILO estimates, and IMF staff calculations.

Employment by Sector,
(In percent of total labor force, latest available)

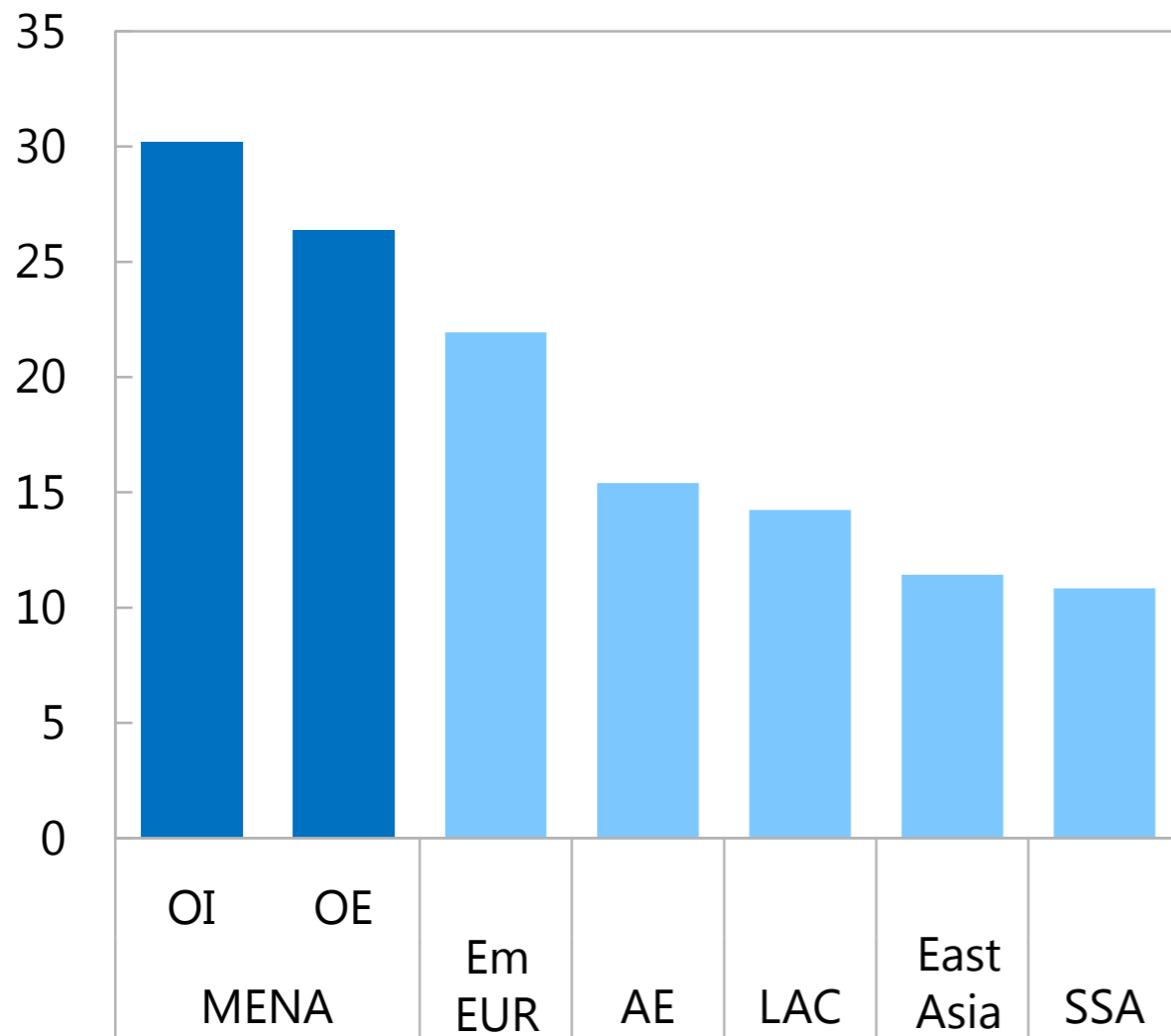


Source: World Bank.

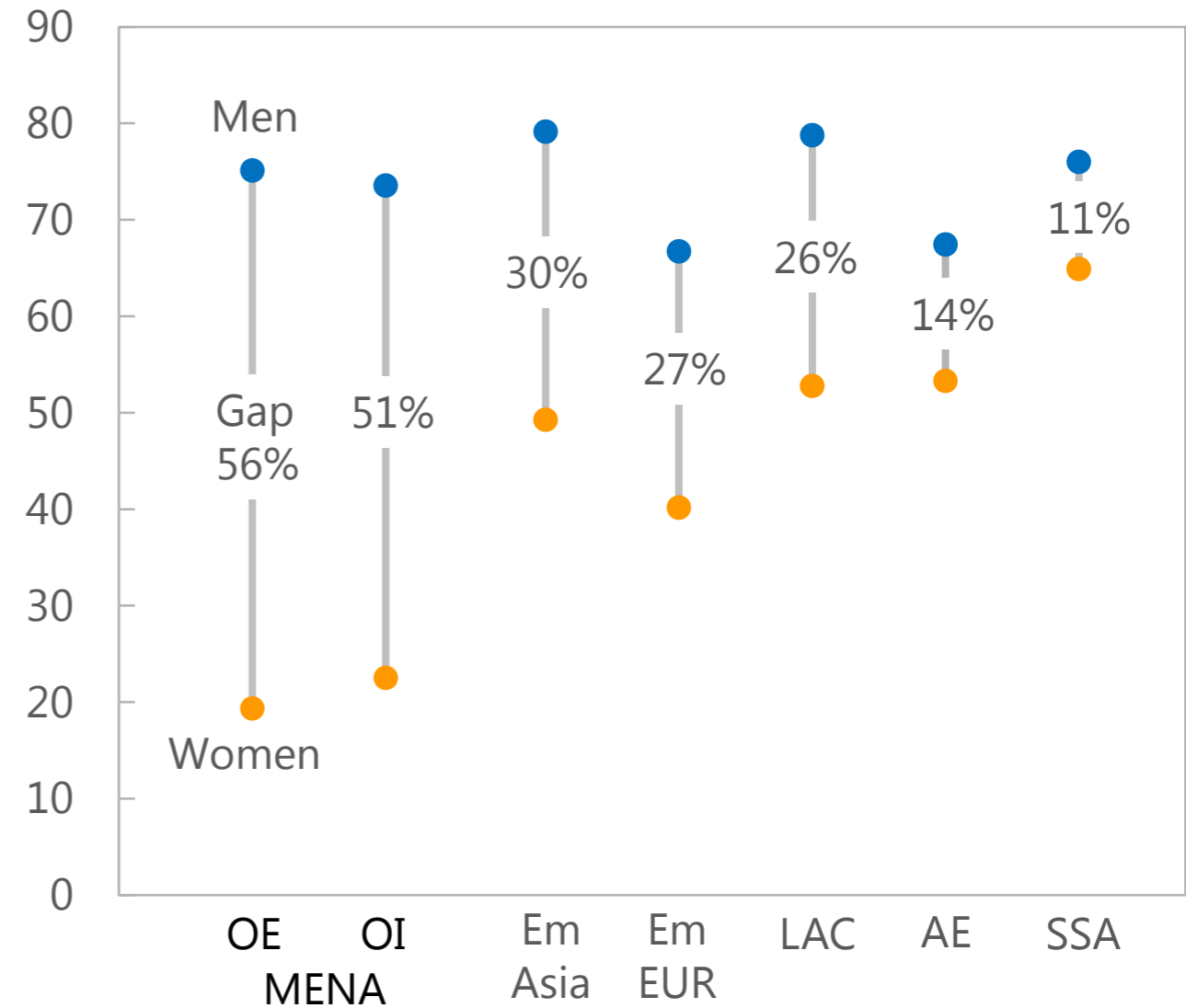


Youth and women are excluded

Youth Unemployment Rate (Percent)



Male and Female Labor Force Participation (Percent of working age population)



Sources: ILO estimates; and IMF staff calculations.

Note: OI = oil importers; OE = oil exporters; Em EUR = emerging and developing Europe; AE = advanced economies; LAC = Latin America and the Caribbean; SSA = sub-Saharan Africa.

