ISLAMIC DEVELOPMENT BANK

IDB PRODUCTIVITY REPORT

Productivity Growth in IDB Member Countries

**Rabi Thani 1428H
(May 2007)**

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TABLE OF CONTENTS

Preface

The ultimate goal of economic development is to enhance standard of living and reduction in poverty. In the long term, it is increases in productivity that can raise wages, profits and ultimately overall prosperity. Productivity indicates how efficiently an economy uses its available resources. Increased productivity also contributes in international competitiveness of the economy: the more productive a business is, the better it is able to compete in the world market.

Available information shows that many IDB member countries have already taken measures for promoting a conducive environment to enhance productivity and competitiveness. However, more efforts are needed for creating a capacity for national innovation and encouraging adoption of new programs to further enhance productivity and competitiveness. In this context, IDB has been supporting initiatives aimed at enhancing productivity and competitiveness in its member countries. In October 2001, the IDB organized its 12th Annual Symposium in Algiers on "Enhancing Productivity and Competitiveness in its Member Countries".

The Symposium, among others, recommended the IDB to consider the development of an active program centered around raising awareness of issues related to productivity and competitiveness in member countries through organizing regional forums, sharing of experiences and best practices, assistance in developing a practical framework for the measurement of productivity and competitiveness, and highlighting key measures to upgrade the current level of productivity and competitiveness in member countries.

Beside supporting a number of measures to improve productivity and competitiveness in member countries, the present Report provides an overview of the performance of IDB member countries in enhancing productivity growth broadly in two ways: (i) by looking at trends of the GDP per capita in member countries and their comparative performance on this account; and (ii) by disaggregating the performance of member countries in terms of the major factors that affect the productivity and hence the GDP growth. The main purpose is to create awareness about productivity growth trends and the key indicators that influence such growth in member countries.

Owing to lack of wideranging data, the Report uses limited number of key indicators for cross country comparison within IDB member countries. However, it is intended that the scope of the next Report will be broadened to include a comparison of the factors influencing productivity growth in member countries with those for other developing countries.

It is hoped that the Report creates awareness about critical factors that influence the long term growth prospects such growth in member countries to readers in general and those in member countries in particular.

Acknowledgments

EXECUTIVE SUMMARY

This is the first Report on productivity growth in IDB member countries. The Report aims to initiate the process of creating greater awareness about the contribution of productivity to economic growth in the IDB member countries. Besides providing an overview of productivity growth in member countries in terms of key productivity indicators, the report provides a detailed analysis of the major factors that affect productivity as well as competitiveness in member countries. These are: the national economic performance, institutional environment, human resources, financial development, and information technology and infrastructure. Performance of these five factors is based on a number of other elements. National economic performance, for example, depends on a host of factors, such as capital formation, net inflow of foreign direct investment, export concentration, inflation, degree of openness of the economy, total government expenditure, level of debt service, etc. Similarly, institutional environment is reflected by factors, such as the rule of law, degree of competitiveness, stability of government policies, accountability, corruption, etc. Taking into account all these and other relevant factors, the Report has prepared the major composite indices related to national economic performance, institutional environment, human development, financial environment, and information technology and infrastructure.

These indices have been prepared using the available data for the period 1994 to 2003. The member countries have been ranked on the basis of the values of these indices with the view to identify the best performing member countries as well as those whose performance is rather weak and need to vigorously reform institutions and policies in order to enhance their productivity and competitiveness.

The results of the study show that in terms of overall economic performance, the member countries with highest values of the Economic Performance Index are Malaysia, Maldives, Tunisia, Jordan and Indonesia, whereas the five member countries at the bottom of the list are Sierra Leone, Comoros, Suriname, Nigeria and Guinea Bissau. The results also show that three-fifth of the member countries have values of economic performance index which are below the overall average for the IDB member countries as a group.

In terms of Institutional Environment Index, Jordan, Brunei, Malaysia, Morocco and Iran are the top five countries, whereas Suriname, Iraq, Guinea Bissau, Sudan and Sierra Leone received lowest scores. Of the 44 member countries for which data are available for this index, 26 countries rank above the average while the remaining 18 have values of the index which are below the overall average.

As far as Human Development is concerned, the computed values of the Index show that the top five countries are Jordan, Libya, Lebanon, Kyrgyz Republic and Bahrain, whereas the countries with lowest values of the index are Uganda, Cameron, Afghanistan, Bangladesh and Pakistan. The ranking of member countries in terms of Financial Environment Index shows that Malaysia is at the top of the list followed by Kuwait, Bahrain, Jordan and Pakistan, whereas member countries with lowest rankings are Sierra Leone, Kyrgyz Republic, Uganda, Palestine and Niger.

Lastly, in the information technology and infrastructure index, the best performing countries are Bahrain, UAE, Turkey, Brunei and Qatar, whereas the countries with the weakest infrastructure are Niger, Mali, Chad, Sudan and Afghanistan.

The Report is not confined to ranking member countries in terms of the above mentioned indices; it also highlights the key elements required in each area to increase productivity and competitiveness in member countries. For example, for improving the overall Economic Performance, the Report stresses the need for macroeconomic stability, diversification of exports, building of institutional capacity, etc. For strengthening the Institutional Infrastructure, it emphasizes reforming the basic legal framework encompassing the rule of law, public administration, intellectual property rights, competition laws and policies and contract law and regulatory structure, etc.

For member countries which are weak in terms of Human Resource development, the Report suggests that productivity can be improved through education reforms, developing and launching of a programme aimed at increasing adult education, on-the-job training, linking of future skill-needs to the education system, and providing more vocational training especially to support the skill requirements of the small and medium enterprises.

For member countries which are weak in terms of Financial Environment, it suggests that for increasing productivity they should focus on transparency in financial policies, good governance and accountability, and institutional and legal framework for managing financial crises, etc.

Lastly, for transforming the traditional economies into knowledge-based economies, it is suggested that member countries need to adopt appropriate policies to evolve from resource-based and low skilled labor-intensive production structures to technology-based and knowledge driven economies. They need to focus more on research and development by providing seed capital for technology and innovation, encourage and support small and medium enterprises to develop partnership between the universities and industries, and modernize their infrastructure in relation to a knowledge-based economy by gathering information on industries and information technology for reducing the cost of internet usage and developing relevant software.

The Report shows that sustainable economic growth is not simply a macroeconomic phenomena, it is the cumulative result of "innovation and constructive destruction" of firms that fundamentally underpin productivity growth and international competitiveness. Benchmarking and monitoring of productivity growth should thus be considered as one of the key elements for achieving sustained economic growth.

The ranking of member countries in terms of the above mentioned five indices is expected to be useful to the policymakers and OIC institutions for two main reasons. First, it will help policymakers in member countries to judge the current ranking in terms of its overall economic performance, institutional environment, human resource development, financial environment and information technology and infrastructure, and thus help them in identifying strategic reforms areas of IDB intervention. Second, it will enable the OIC institutions and other development partners to monitor the progress of individual member countries in terms of relevant parameters and indices. For this purpose, this Report will be periodically prepared.

CHAPTER ONE
PRODUCTIVITY: CONCEPT AND MEASUREMENT

1.1 Background

Productivity is one of the most important factors that promote economic growth. For this reason, enhancing productivity in member countries of the Islamic Development Bank (IDB) is a major concern of the IDB. In October 2001, the IDB organized its 12th Annual Symposium in Algiers on *"Enhancing Productivity and Competitiveness in IDB Member Countries".* The general objective of the Symposium was to facilitate an exchange of views on the critical issue of strengthening productivity and competitiveness for meeting the challenges and opportunities that member countries must address in the era of globalization.

The Symposium recommended that the IDB should consider the development of an active programme centred on raising awareness of productivity and competitiveness in member countries. This was to be achieved through organizing regional forums, sharing of experiences and best practices, assistance in developing a practical framework for the measurement of productivity and competitiveness, assistance in establishing national productivity centres, and highlighting key measures to upgrade the current level of productivity and competitiveness in member countries.

In this context, a paper with the title *"Productivity in IDB Member Countries"* was prepare to set off an internal process of greater awareness about the role of productivity in economic growth in IDB member countries. The paper, among others, recommended that the IDB should prepare *periodic reports on productivity trends in its member countries* to monitor the progress of individual member countries in terms of relevant indices. Accordingly, this is the first periodic report on the subject of analysing trends of productivity growth in member countries

1.2 Introduction

The ultimate goal of all economies in the world is to enhance economic growth, to raise standard of living of people, and to overcome poverty and deprivation. Productivity growth is a crucial source of improvement in living standards. Productivity growth means more value is added in production and more income is available for distribution. With increases in productivity, businesses can generate more output from the same inputs. Increased productivity also contributes to international competitiveness of the economy; the more

productive a business is, the better it is able to compete in the world market.

One of the most common economic measures of standard of living is real Gross Domestic Product (GDP) per capita. The available data show that the average real GDP per capita for IDB member countries was less than US$1,000 in the 1990s, which increased to US$1,245 in 2004. The GDP per capita for individual member countries ranged from US$137 in Guinea-Bissau to about US$22,173 in UAE in 2004. Only 18 member countries (Albania, Algeria, Bahrain, Egypt, Gabon, Iran, Jordan, Kazakhstan, Kuwait, Lebanon, Malaysia, Maldives, Morocco, Saudi Arabia, Surinam, Tunisia, Turkey, and UAE) had per capita GDP higher than the average for all developing countries in 2004.

Real GDP growth also enables countries to overcome absolute poverty even when fruits of growth have not trickled down with the same policies to all levels of society. Nevertheless, as far as IDB member countries are concerned, their trends in poverty closely follow their growth performance. For example, the absolute poverty level in Tunisia is 7.6 percent, compared to 70 percent in Sierra Leone. Similarly, the proportion of the population with an income below US$2 a day is 6.6 percent in Tunisia compared to 96.6 percent in Uganda and 64.4 percent in Niger in 2004. Productivity growth provides a critical base for sustaining economic growth and providing critical resources to overcome challenges of poverty and deprivation.

1.3 Objective of the Report

Keeping in view the significance of productivity in sustaining economic growth and prosperity, the present Report attempts to create awareness about productivity growth and the key indicators that influence such growth in member countries. The Report is expected to be useful to the policymakers and OIC institutions for two main reasons. First, it will help policymakers in member countries to judge the current ranking in terms of its overall economic performance, institutional environment, human resource development, financial environment and information technology and infrastructure, and thus help them in identifying strategic reforms areas of IDB intervention. Second, it will enable the OIC institutions and other development partners to monitor the progress of individual member countries in terms of relevant parameters and indices.

1.4 Definitions and Measures of Productivity and Competitiveness

Productivity is usually indicated by the amount of output produced in terms of goods and services per unit of input use. For instance, labour productivity is measured by output per worker, whereas land productivity is based on per unit yield. Accordingly, the contribution of individual factors of production in total output is considered Partial Productivity. Total Factor Productivity (TFP) is an increase in the total output of an industry or an economy relative to the size of all factor inputs. For example, if physical factors of production such as labour, capital and land are doubled over a period of time, but the output is more than doubled, the resulting difference in output is on account of Total Factor Productivity. In other words, TFP is the collective outcome of a variety of technological, human, institutional and environmental factors which impact the performance of individual factors of production, as well as their interactive behaviour in the process of production.

Traditionally, the physical quantities of factors of production were considered to be important sources of productivity. However, the recent studies of growth have identified the importance of non-physical factors, particularly, the technological change and improvement in human capital, as being equally important in explaining productivity trends and economic achievements of firms and economies. In fact, in recent years, TFP has assumed a greater role as an instrument of development strategy for countries which have made major strides in their economic performance.

1.5 Measures of Productivity

At the firm level, productivity can be measured by the number of units produced by any particular factor of production. At the national level, one of the widely used measures is to divide the total GDP by total labour force. This measure assumes that labour interacts with other factors of production and hence the total output, namely the GDP, could be considered as an outcome of labour employed in the production process. However, as the data on labour force may not be readily available for different countries, another measure of productivity that has been widely used is the GDP per capita. This measure makes it possible to capture the impact of individual factors of production as well as Total Factor Productivity.

1.6 Productivity and Competitiveness

In many respects, productivity and competitiveness are interrelated concepts. In fact, productivity is the core basis of competitiveness. The Global Competitiveness Report defines competitiveness as "the set of institutions and economic policies supportive of high rates of productivity and economic growth in the medium-term". The World Economic Forum (WEF) defines it as "the ability of a national economy to achieve sustained rates of economic growth as measured by the annual changes in per capita GDP (Schwab et al, 1996)".

1.7 Methodology and Data

The present Report evaluates the growth in productivity of member counties broadly in two ways:

i. By looking at trends of the GDP per capita in member countries and their comparative performance in this regard.

ii. By disaggregating the performance of member countries in terms of the major factors that affect the Total Factor Productivity and hence the GDP growth.

In this context, the Report looks at the following composite indices:

- National Economic Performance: It is based on the following main indicators: (1) Gross fixed capital formation, (2) Manufacturing value added, (3) Degree of openness, (4) Net inflow of foreign direct investment, (5) Inflation, (6) Total government expenditure, (7) Export concentration, and (8) Debt Service.

- Institutional Environment: The variables that have been used to define the institutional environment are: (1) Presence of effective law and order, (2) Quality of bureaucracy, (3) Public accountability, and (4) Government stability. These variables are also used in the Global Competitiveness Report in explaining productivity growth.

- Human Resources: These include two variables: (1) Adult literacy, and (2) Total expenditure on health as a percentage of GDP.

- Financial Environment: The variables that have been covered here include: (1) Credit to the private sector, (2) Gross domestic savings as percent of GDP, (3) Liquid liabilities, (4) Turn over ratio; and (5) Market capitalization of stock market.

- General Infrastructure, Information and Technology: The variables that have been covered in this index are: (1) Information and Communication Technology, (2) Research

and Development, (3) Telephone Lines per one thousand people, and (4) Length of roads.

The report covers mainly the 10 year period of 1995-2004. In some cases, the data is confined to 2003, as the latest data on all member countries were not available. Likewise, for some variables not all member countries have been covered and the analysis is confined to countries for which the relevant data were available. For some years, the missing data had been added by using the standard statistical techniques of extrapolating missing observations. However, this has been done only in very few selected cases. For most parts of the analysis, the ten-year period is divided into two periods of five years each. In this way, the trends have been disaggregated to gain further insight into the overall productivity trends in member countries.

The indices used are developed following the technical methods explained in Annex-II, which are also widely used for similar analysis by the other international institutions. Owing to a lack of data, this Report uses a limited number of indicators for cross-country comparison within IDB member countries. However, the scope of the next IDB Report, with the expected inclusion of more indicators, will be broadened to include a comparison of the factors influencing productivity in member countries with those for other developing countries. The computed average performance indices will serve as benchmarks for guiding reforms with the view to enhance productivity in member countries.

The Report is divided into four chapters. Chapter Two provides an overview of productivity in member countries using different classifications. Chapter Three provides an in-depth analysis of the determinants of productivity and the ranking of member countries in terms of selected indicators. Finally, the Summary and Conclusions are presented as Chapter Four.

CHAPTER TWO
AN OVERVIEW OF PRODUCTIVITY TRENDS IN IDB MEMBER COUNTRIES

2.1 Productivity Trend in IDB Member Countries

The concept of productivity is considered at three different levels of aggregation, namely firm, industry, and national levels. The choice between them depends on the purpose of the productivity measurement and, in many instances, on the availability of data. At the national level, the growth rate of gross domestic product (GDP) is one of the common measurements of productivity growth. This measure indicates the maximum potential of a country to produce more wealth for its citizens over a specified period of time. In this context, the source of GDP growth can be decomposed into the effects that are due to factor accumulation, size of the economy, and those due to productivity. Not all these factors have the same or similar impact in determining sustainable economic growth. For example, although the size of the economy plays a crucial role in the process of economic growth in terms of providing required factor inputs of production, the more important determinant for sustained economic growth is the efficient combination of these inputs. Table 1 in Annex 1 presents data on economic growth and the size of the economy of IDB member countries. Individually, the IDB member countries are characterized by a combination of different sizes of economy and varying economic growth performance. Generally, the results suggest that a relatively higher economic size alone does not always lead to a higher GDP growth rate. In this context, productivity is the cornerstone of economic growth and standard of living. Therefore, for economic growth to become self-sustaining, productivity must be improved which depends on a number of key factors.

Chart 2.1 presents the growth rate of real GDP for three groups: IDB member countries, developing countries, and the world, over a ten-year period from 1995 to 2004. It appears that the trend of the GDP growth rate of IDB member countries, as a group, experienced more fluctuation compared to those of the other two groups. This indicates that economic growth in IDB member countries was relatively unstable.

The annual real GDP growth of IDB member countries as a group showed a cyclical trend: it peaked at 5.7 percent in 1996, slowed down to 0.7 percent in 1998 and then accelerated to 5.5 percent in 2000. It decreased to 1.5 percent in 2001 and

then increased to 5 percent in 2004. During 1995-2004 IDB member countries, developing countries and the world recorded 3.3, 4.0, and 2.8 percent GDP growth, respectively. For the period 2000-2004 the real GDP growth rate of IDB member countries significantly recorded a higher growth rate as compared to that of the world.

Chart 2.1
Trend of Growth Rate of Real GDP, 1995-2004
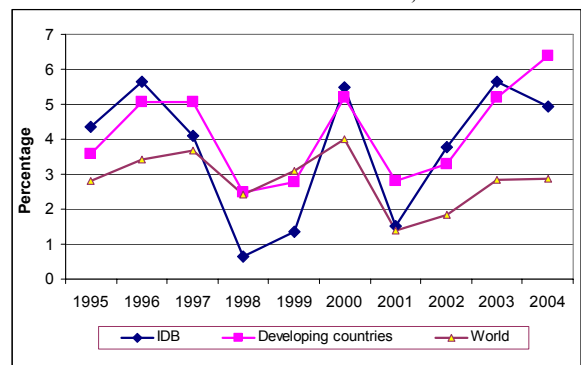
GDP per capita and its growth rate are also considered important indicators to measure productivity and productivity growth[1], respectively. GDP per capita relates to the single most important factor of production i.e., labour; which is intuitively appealing and relatively easy to measure. It is also a key determinant of living standards and from this perspective is of significant policy relevance. Differences in GDP per capita can be attributed to differences in the underlying efficiency of economies. Chart 2.2 shows the trend of growth rate of real GDP per capita for three groups: IDB member countries, developing countries, and the world over a ten-year period from 1995 to 2004. For the given period, the annual growth rate of real GDP per capita of IDB member countries was recorded lower than those of the other two groups except in 2000. However, after 1998, IDB member countries as a whole performed relatively well. For example, while GDP per capita growth rate of IDB member countries was lower than that of the world by 2.4 percentage points in 1998, it became higher by 1.3 percentage points in 2004.

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[1] Real per capita income growth and productivity growth are significantly related but not identical concepts. Matkusen (1992) explained this point in detail. He showed that real per capita income depends on productivity, the endowment of capital and natural resources, and the terms of trade. An increase in productivity increases per capita income, as does an increase in the national endowment of natural resources or physical capital or an improvement in the terms of trade.

In discussing the trends of real per capita income growth, it is equally important to examine the population growth trends. Data analysis shows that, on average, IDB member countries as a group had a high growth rate estimated at 1.95 percent[2], while the world population growth rate averaged at 1.32 percent for the period from 1995 to 2004.

Chart 2.2
Growth Rate of Real GDP per Capita, 1995-2004
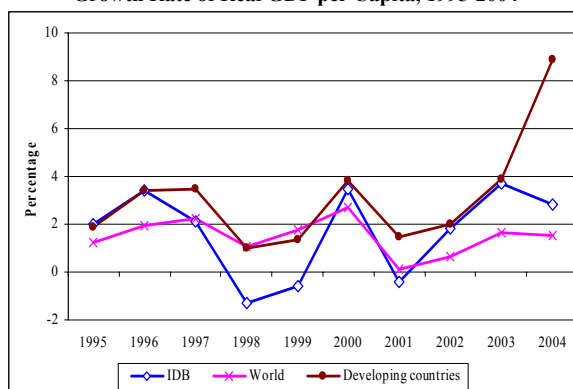
For the developing countries as a whole the population growth tended to consistently fall from 1.57 percent in 1995 to 1.29 percent in 2004. Given the current trend, the population of IDB member countries as a group is expected to double in 37 years. The distribution of the population by age also plays an important role in economic growth. A high rate of population growth leads to a younger population, which has implications for growth of the labour force and the productive employment possibilities. Quite clearly, the burgeoning population in the IDB member countries, which is also characterized by low levels in the human development index, reduces the growth potential thus making it difficult to sustain growth in real per capita income.

Table 2.1
Mean, Standard Deviation, and Coefficient of Variations
Of Real GDP per Capita Growth Rates, 1995-2004

	1995-1999			2000-2004			1995-2004		
	Mean	St.D	C.V	Mean	St.D	C.V	Mean	St.D	C.V
IDB Member Countries	1.12	1.78	1.58	2.28	1.50	0.66	1.70	1.75	1.03
Developing countries	2.22	1.05	0.47	4.00	2.63	0.66	3.11	2.19	0.70
World	1.65	0.44	0.27	1.33	0.89	0.67	1.49	0.72	0.48

St.D= Standard Deviation. C.V= Coefficient of Variation.

The mean, standard deviation, and the coefficient of variations of real GDP per capita growth rates, for

the three groups, over the same period are tabulated in Table 2.1. These summary statistics show that the IDB member countries, as a whole, have performed relatively well as compared to the world performance during the period 1995-2004. However, the volatility of real GDP per capita growth measured by the coefficient of variations was higher than those of the other two groups.

While some IDB member countries have already achieved rapid growth of income and high standards of living, others still remain mired at a level of development that does not assure subsistence needs of their populations. To reach a better understanding of the trend of productivity growth in IDB member countries, represented by real GDP per capita growth, this part of the Report reviews the productivity performance of IDB member countries in two classifications: regional and income levels.

2.2 Productivity Within IDB Member Countries: Regional Classification

Out of 56 IDB member countries, 22 are from Africa, 15 are from Asia, 18 countries are from the Arab region, and 1 from Latin America. The annual growth rates of both GDP and GDP per capita of IDB member countries in these three regions are displayed in Chart 2.3.

Chart 2.3
Regional Comparison of GDP Growth and GDP per Capita Growth in IDB Member Countries, 1995-2004
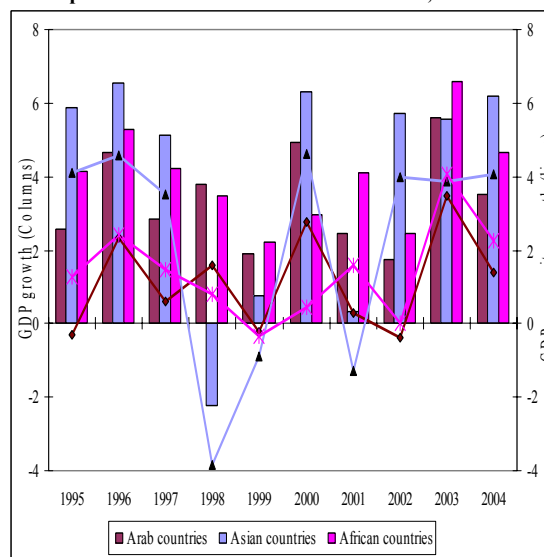
It is interesting to see that the annual growth rates of real GDP in all three regions were positive except for the Asian region in 1998 due to the Asian economic crisis of the 1997. In contrast, the growth rates of real GDP per capita recorded both negative and positive values, indicating that GDP growth rates were not sufficient to compensate for

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2. Five IDB member countries recorded the population growth rate higher than 3 percent over the period 1995-2004. These countrires are UAE (6.7%), Palestine (4.2%), Kuwait (3.5%), Niger (3.3%), and Chad (3%).

the high population growth rates in some years. Average growth rates of population were 2.5, 2.2, and 1.6 percent in the African, Arab and Asian regions respectively, over the period of 1995- 2004, which were higher than the world's growth rate of 1.3 percent.

Chart 2.3 also shows that the IDB member countries from Asia experienced higher fluctuations, as a group, compared to the other two regions in terms of per capita GDP growth, indicating more volatility in their economic growth, particularly after 1998 due to contagion effects of the Asian economic crises. For example, among IDB member countries from Asia, Indonesia and Malaysia experienced 14.3 and 9.5 percent fall in their GDP per capita in 1998.

The economic performance of member countries in the Arab region was relatively lower as compared to that of member countries from the Asian region over the period 1995-2004 primarily due to low GDP per capita growth in Arab oil-exporting countries. While oil-exporting countries in the Arab region, as a whole, experienced 0.5 percent annual real per capita GDP growth from US$4,195 in 1995 to US$4,451 in 2004, the non-oil-exporting Arab countries recorded 2.1 percent annual per capita GDP growth from US$1,151 in 1995 to US$1,399 in 2004.

Chart 2.4
Comparison of GDP Growth and GDP per Capita Growth Between Oil-Exporting and Non-oil Exporting IDB Member Countries from the Arab Region, 1995-2004
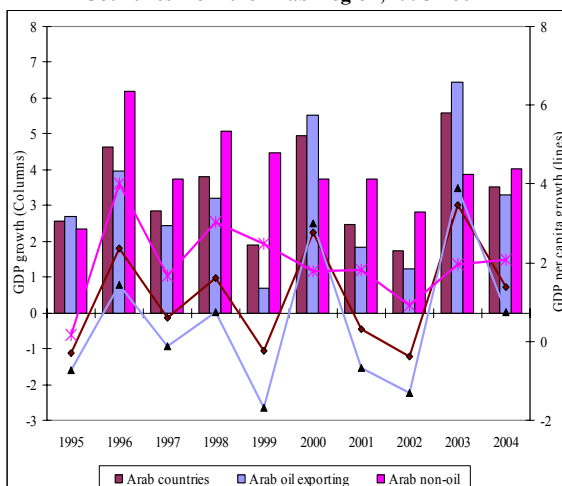
The evolution of the growth rates for the Arab region and its breakdown into oil-exporting and non-oil-exporting countries are displayed in Chart 2.4. The first thing to be noted is that the fluctuations of GDP growth in oil-exporting countries are larger than those in non-oil-exporting countries. The trend of per capita GDP growth in the Arab region follows the pattern of the economic

growth of its oil-exporting member countries. The coefficient of variations of the average annual growth rates of per capita GDP for the oil-exporting IDB member countries was 6.5 times as high as that of non-oil-exporting member countries in the region during the period of 1995-2004. This indicates that, on average, the growth rates of per capita GDP in oil-exporting Arab countries have been characterized by higher volatility in comparison with those in non-oil-exporting Arab countries.

The large fluctuations in the pattern of GDP per capita growth were closely linked to the fluctuations of the world energy prices. This showed that the growth rate in the region overwhelmingly depended on oil, which made up around 70 percent of export. Moreover, the yearly correlations between each non-oil-producing country's growth rate and the aggregate growth rate in the region were very low indicating that the short-term business cycle for different IDB member countries in the Arab region is not highly synchronized[3].

2.3 Productivity within IDB Member Countries; Income Classification

The IDB member countries, as a group, include some of the richest as well as some of the poorest countries in the world. During the period 1995-2004, the average per capita GDP for individual member countries ranged from US$144 in Sierra Leone to US$20,898 in UAE. According to the World Bank (WB) classification, 27 member countries are identified as low income countries and 23 member countries belong to middle income group while 6 countries are placed in the high income level group[4]. This part of the Report reviews productivity performance of IDB member countries in these three groups of income levels.

Chart 2.5 represents growth trends of both GDP and GDP per capita of three groups of IDB member countries over a ten year period from 1995 to 2004.

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[3] .Economic Growth and Investment in the Arab World, Xavier Sala-i-martin and Elsa V.Artadi, 2003.
[4] Low income IDB member countries are Afghanistan, Bangladesh, Benin, Burkina Faso, Cameroon, Chad, Comoros, Cote d'Ivoire, Gambia, Guinea, Guinea Bissau, Kyrgyz Republic, Mali, Mauritania, Mozambique, Niger, Nigeria, Pakistan, Senegal, Sierra Leone, Somalia, Sudan, Tajikistan, Togo, Uganda, Uzbekistan and Yemen. High income member countries include Bahrain, Brunei, Kuwait, Qatar, Saudi Arabia and UAE, while Albania, Algeria, Azerbaijan, Djibouti, Egypt, Gabon, Indonesia, Iran, Iraq, Jordan, Kazakhstan, Lebanon, Libya, Malaysia, Maldives, Morocco, Oman, Palestine, Suriname, Syria, Tunisia, Turkey, and Turkmenistan belong to middle income category.

Chart 2.5
**Comparison of GDP Growth and GDP per Capita Growth
in IDB Member Countries, 1995-2004 (Income
Classification)**
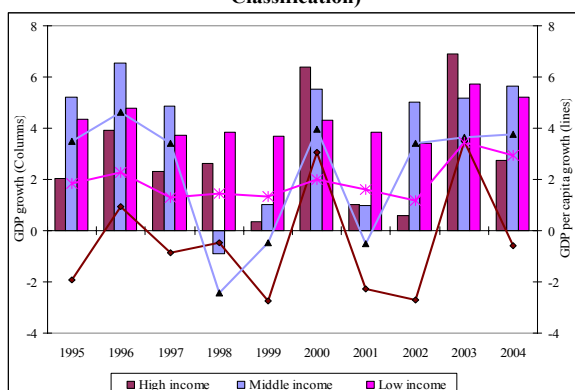
Despite a large difference in the average per capita GDP between low income (US$ 392) and high income (US$11,221) IDB member countries over the period of 1995-2004, low income member countries performed much better than the high income member countries. The GDP per capita growth rates in high income member countries, as a group, recorded relatively large fluctuations particularly after 1998; ranged from a low of -2.75 in 1999 to a high of 3.06 percent in 2000.

Data analysis showed that the overall economic performance of high income IDB member countries was heavily dependent on oil exports. The yearly correlation between their GDP as a group and real oil prices was very strong at 77 percent. This implies that growth in high income member countries depends, at least in the short run, on oil prices. The average growth rates of real per capita income of both middle and low income IDB member countries were estimated at 1.8 and 1.7 percent, respectively, while the rate was -0.4 percent in high income member countries over the ten year period from 1995 to 2004. This means that, on average, the GDP growth rate of high income member countries was not sufficient to compensate the growth rate of the population, which resulted in negative growth of GDP per capita. Over the given period, the coefficient of variations of GDP per capita growth for low, middle and high income member countries were estimated at 0.37, 1.01 and 5.28, respectively. The results indicated that the relative volatility in the annual growth rates of GDP per capita in low income member countries was lower than those of the two other groups.

2.4   Productivity at the Country Level

To shed light on the productivity performances of individual IDB member countries, 50 member countries are ranked on the basis of average GDP growth and GDP per capita growth for the period of

1995-2004 (Chart 1in Annex 1). In terms of average GDP growth, Turkmenistan, Mozambique, and Maldives are ranked first, second and third. In contrast, Palestine, Sierra Leone, and Guinea Bissau recorded the lowest. It may be noted that the ranks of some member countries change according to each indicator. For example, UAE and Albania are ranked fifth and seventh according to the GDP growth, while their ranks change to forty-fifth and first, respectively, in terms of GDP per capita growth index. It is also interesting to observe that eight member countries; namely, Guinea-Bissau, Kuwait, Djibouti, UAE, Comoros, Saudi Arabia, Cote d'voire, and Gabon experienced positive average GDP growth while they recorded negative average GDP per capita growth. This implies that the growth rates of GDP were not sufficient to compensate the growth rates of population in these countries.

Data analysis shows that the overall growth performance of IDB member countries has shown more fluctuation as compared to that of developing countries and the world. The current export structure, which relies heavily on factor endowment and low-cost labour, will not provide the platform from which IDB member countries can leapfrog. Sustaining this structure will continue to expose the member countries to commodity price volatility risks, and subsequently to high-cost implications on the budget and trade balance. Furthermore, emphasis on low labour costs will not necessarily improve productivity, standards of living or level of competitiveness. Despite the huge efforts made by many IDB member countries in fostering economic growth and enhancing productivity and competitiveness, their performance is below their potential and they are not taking full advantage of the opportunities that the global economy has offered them. This is reflected in the weak record of GDP per capita growth of many IDB member countries. For economic growth to become self-sustaining, productivity and competitiveness must continue to rise. Productivity and competitiveness are dependent on a number of factors, including macroeconomic stability, institutional environment, human resources, financial development, and information technology and infrastructure. As a result, it is important to address all these major factors in developing and implementing a comprehensive programme to enhance productivity and competitiveness in IDB member countries.

CHAPTER THREE
DETERMINANTS OF PRODUCTIVITY AND COMPETITIVENESS

### 3.1 Major Determinants of Productivity and Competitiveness[5]

The IDB member countries, as a group, include some of the richest as well as some of the poorest countries in the developing world. Over the past two decades, member countries have diverged significantly in terms of productivity and output growth. Malaysia has evolved from a developing country to an industrial economy. Turkey, Jordan, and United Arab Emirates have lifted their economies from relative poverty to the ranks of the world's middle and upper-income countries. The growth performance variations across countries and regions indicate that the determinants of growth are not the same for all countries. The growth pattern is linked to characteristics of countries such as economic base, unemployment rate, investment in physical and human capital, flow of foreign investment, industrial growth, inflation and development of financial institutions. When assessing productivity growth in member countries, it is useful to look for changes in the performance of these underlying factors which can significantly influence productivity performance. Consequently, variations of these factors should be taken into account in assessing productivity performance.

Chart 3.1
Determinants of Productivity and Competitiveness
at National Level

Following the definition of the World Economic Forum (WEF), the Report focuses on five fundamental factors which can significantly influence productivity and competitiveness at the national level. These are: national economic performance, institutional environment, human resources, financial development, and information technology and infrastructure (Chart 3.1).

3.2 National Economic Performance (NPE)

NEP shows the ability of countries to create and maintain a suitable environment for sustaining productivity growth and competitiveness from the macroeconomic perspective. There are many different indicators to evaluate the EP of a country. The choice between them depends on the purpose and on the availability of data. NEP, in this Report, is meant to reflect the level of the following indicators:

- **Gross fixed capital formation as a percentage of GDP**: The amount of physical capital in an economy has long been recognised as a central driver of economic growth and many empirical studies have assessed the importance of physical capital to productivity and economic growth[6]. However, its role and contribution to the economy should not be overlooked; physical capital is a co-operant factor, i.e. it adds value by being combined with other factors. Hence, investment in technology alone will not ensure productivity gains.

Data analysis shows that IDB member countries have consistently posted lower rates of investment as a percentage of GDP, as compared to those in the world and developing countries over the period of 1995-2004. On average, the rate was 20.3 percent for IDB member countries, while it was about 23.8 percent and 21.5 percent in the world and developing countries, respectively. For the given period, the rate for individual member countries ranges from 8.1

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[5] Productivity-based indices are widely used in the assessment of competitiveness. According to Porter (1990) productivity is the most useful concept on international competitiveness. The Global Competitiveness Report defines competitiveness as "the set of institutions and economic policies supportive of high rates of productivity and economic growth in the medium term". The World Economic Forum (WEF) defines it as the ability of a national economy to achieve sustained rates of economic growth as measured by the annual changes in per capita GDP (Schwab et al, 1996).

[6] The Solow-Swan growth model established the importance of physical capital to per capita economic growth. Numerous empirical studies have looked at the relationship between physical capital and growth, including an influential paper by DeLong and Summers (1991). See also Rowthorn (1999) on the role of physical capital in growth. According to OECD (2003), for example, there is a significant and robust correlation between investment and productivity. The European Commission study also shows that the long-term effect of a one percentage point increase in total investment to be a 0.05 percentage point increase in the long-term annual growth rate of labour productivity.

percent in Sierra-Leone to 34.9 percent in Turkmenistan. While Turkmenistan (34.9 percent), Azerbaijan (33.1 percent) and Maldives (30.1 percent) recorded the highest rates of investment, Sierra Leone (8.1 percent), Niger (11.6 percent), and Kuwait (12.2 percent) recorded the lowest scores.

- **Manufacturing value-added as a percentage of GDP:** Manufacturing broadly relates to the physical or chemical transformation of materials or components into new products. Manufacturing makes a significant direct and indirect contribution to economic growth. It creates demand for goods and services from all other business sectors; from primary resources and energy production, to transportation, financial, and communication services, to legal, health and accounting professionals, business management, design, engineering, and high-technology support. The innovation and productivity improvements generated by manufacturers enhance the prosperity and living standards of a country.

On average, this indicator for member countries was around 12 percent, while it was around 22 percent in developing countries. Data analysis shows that the share of manufacturing value-added to GDP in the IDB member countries, as a group, has fallen from around 13.1 percent in 1995 to 12.1 percent in 2004. On average, the ratio for individual member countries ranges from 29.4 percent in Malaysia to 3.1 percent in Djibouti. While Malaysia (29.7 percent), Indonesia (25.3 percent) and Syria (23.8 percent) recorded the highest values, Djibouti (2.8 percent), Comoros (4.2 percent), and Guinea (4.3 percent) had the lowest values among IDB member countries.

- **Degree of openness**: This indicator is defined as a ratio of trade over GDP and has been used extensively in related literature as a major determinant of growth performance. Openness affects growth positively and magnifies the benefits of international knowledge spillover and technological diffusion. In addition, it enforces cost discipline through import competition and the drive to export. The relationship between degree of openness and productivity growth may arise from the role of international economic activities (IEA) in helping economies adopt and master international best-practices and technologies. IEA and human capital interaction may lead to a particularly rapid phase of productivity-based catching up.

On average, the degree of openness in IDB member countries was around 73.8 percent, while it was around 53.6 and 45.3 percent in the developing countries and the world, respectively, over the period of 1995-2004. The ratio ranged from 206 percent in Malaysia to 29.5 percent in Sudan. For the given period, Malaysia (206 percent), Maldives (164.4 percent) and Bahrain (147.2 percent) are ranked first, second and third. In contrast, Sudan (26 percent), Bangladesh (32.8 percent) and Pakistan (33.2 percent) are at the bottom among IDB member countries.

- **Net inflow of foreign direct investment (FDI) as a percentage of gross capital formation[7]:** A number of empirical studies have shown that inward FDI improves the productivity performance of host countries through technology transfer and spillover benefits. Borensztein et al. (1994) found that FDI outflows from the OECD countries are an important vehicle of technology transfer for developing countries and they appear to have contributed positively to GDP growth. Similarly, Caves (1996) and Dunning (1993) observed that FDI has contributed to productivity convergence among countries. Over the period of 1995-2004, the value of the ratio was almost the same for all three groups; 10.3 percent for IDB member countries; 10.4 and 10.3 percent for developing countries and the world, respectively.

For the given period, the contribution of foreign capital to capital formation was higher in Azerbaijan, Gambia, and Kazakhstan as compared to other IDB member countries. For example about 50 percent of gross capital formation in Azerbaijan came from FDI over the given period. In contrast, Gabon, Yemen, and Indonesia had negative net FDI as a percentage of gross capital formation.

- **Inflation:** In considering a link between inflation and productivity there are two possible causal directions: productivity affecting inflation or inflation affecting productivity. In the first direction, there is generally higher productivity allowing cost reductions that flow through to product prices and thereby reduce inflation. The second effect posits that inflation affects productivity growth.

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[7] This ratio indicates the importance of FDI in financing capital formation in countries. Therefore, FDI as a share of gross capital formation has been included to reflect the potential that an economy has for integrating into the world economy. In such a case, a country with a higher ratio would have great potential to benefit from the global economy and enhance its productivity and competitiveness.

In an inflationary environment, the price mechanism loses its efficiency. It seems plausible that when prices are changing frequently, firms may find it more difficult to distinguish an increase due to the relative scarcity of their inputs from an across-the-board increase in prices. This may cause firms to direct resources previously devoted to research and development, and organisational and managerial improvements, towards making basic decisions about optimal input allocations and the price of outputs. Similarly, the reduced certainty brought about by inflation increases the risk of entrepreneurial errors and would potentially induce lower levels of investment.

Empirically, many studies have shown the negative relationship between inflation and national productivity growth (see Tim Bulman and John Simon, 2003). Inflation in the IDB member countries, as a group, has fallen from around 39.9 percent in 1995 to 7.2 percent in 2004. However it was higher as compared to rates in the world and developing member countries for the period 1995-2004. On average, the inflation rate ranged from 59.4 percent in Turkey to -0.5 percent in Libya for the given period. Libya, Oman, and Bahrain recorded the lowest inflation rates. In contrast Turkey, Suriname, and Azerbaijan experienced the highest inflation rates over the period 1995 to 2004.

- **Total government expenditure as a percentage of GDP:** In theory, the relationship between government expenditure and economic growth is ambiguous. Economic theory does not automatically generate strong conclusions about the impact of government outlays on economic performance. The general perception is that as government continues to grow and more resources are allocated by political rather than market forces which reduces the productivity and economic growth. Small government by itself is not an asset. If a legal system that helps with the enforcement of contracts, and a stable monetary regime, it is most likely to promote economic growth. Governments, including small governments, may register slow or even negative rates of economic growth when these core functions are poorly performed.

There is evidence that both the size of government and its expansion have exerted a negative impact on economic growth during the last several decades. For the period 1993-2002, this ratio for individual member countries ranged from 7.9 percent in Sudan to 50.1 percent in

Kuwait, Maldives (35.6 percent), Oman (35.0 percent), UAE (11.0 percent), and Tajikistan (12.0 percent)

Export concentration: Existing literature (Easterly and Kraay, 2000) argues that export concentration can determine economic growth through its effect on terms of trade volatility. Higher export concentration increases terms of trade volatility, which is in turn associated with lower rates of economic growth. A report on "Risky Development" published by World Vision (2003) used data from 84 developing countries from 1981 to 2000, to examine the links between export concentration, growth and poverty. The results showed that export concentration is related to increased terms of trade volatility which is associated with lower GDP per capita growth. For the period 1995-2004, the average degree of export concentration in IDB member countries was around 45 percent and significantly higher than export concentration in the other two groups; developing countries (23 percent) and the world (15 percent). This indicates that IDB member countries faced more risk in growth and development. Over the given period, the index ranged from 10 percent in Turkey to 97 percent in Nigeria. While Nigeria, Yemen and Iran had the highest export volatility, Turkey and Lebanon experienced lower volatility in their export among IDB member countries.

- **Debt service as a percentage of exports:** Various theoretical and empirical literatures show a negative relationship between external debt, investment and economic growth. Osei (2000) noted that the ratio of debt service payments to export of goods and services (debt-service ratio) is an important indicator for assessing the debt burden; the higher the ratio, the greater the burden. This limits the share of the debtor country from any increase in output and exports because of the debt service obligation. It can also create a liquidity constraint which is captured as a 'crowding out' effect, by which the requirement to debt service reduces funds available for investment and growth. Debt burden can also affect economic performance in other ways; such as a lack of access to international financial markets and a general level of uncertainty in the economy (Claessens *et al.* 1996)[8].

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[8] External indebtedness is not harmful *per se*. Nor does heavy external debt automatically imply that growth must necessarily be low. What is detrimental for many African countries is their inability to meet current debt obligations—compounded by the lack of information on the nature, structure and magnitude of the external debt. A country may be able to export enough to generate the foreign currency needed to buy the increasing imports associated with rapid growth and still service a high

In terms of summary statistics, the average debt service as a percentage of exports of goods and services for IDB member countries was estimated at 15.78 percent while it was 18.8 percent for developing countries over a ten year period from 1994 to 2003. Over the given period, this ratio for individual member countries ranged from 2.66 percent in Albania to 48.74 percent in Sierra-Leone. The top three member countries with the highest debt burden were Sierra-Leone (48.7 percent), Turkey (32.1 percent), and Lebanon (28.9 percent) while Albania (2.7 percent), Sudan (3.3 percent), and Yemen (3.9 percent) had the lowest burden.

Chart 3.2
Ranking of IDB Member Countries According to Economic Performance, 1995-2003
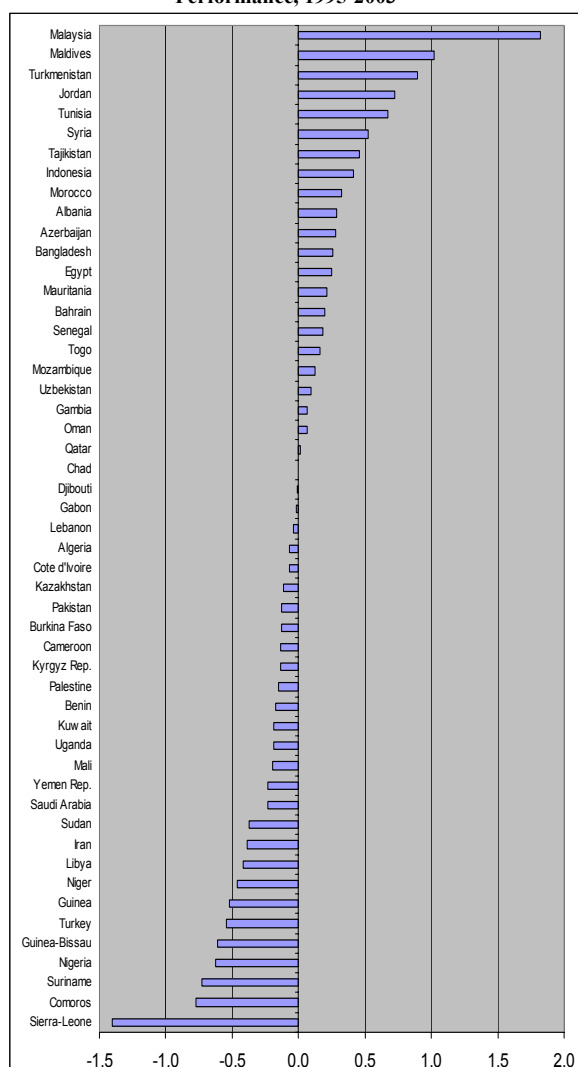
*For more detail, see Table 2, in Annex 1

Given the significant impact of the above indicators on productivity growth and degree of competitiveness, NEPI is built by pooling these indicators[9]. Chart 3.2 ranks 51 IDB member countries according to the economic performance index.

Malaysia (100), Maldives (56.2) and Turkmenistan (49.2) had the most conducive conditions in facilitating growth in productivity and competitiveness. In contrast, Sierra Leone (-77.2), Comoros (-44.5), and Suriname (-40.1) were ranked last. Tables 3 and 4 in Annex 1 show the ranking of IDB member countries according to two important indicators within the national economic performance index, namely manufacturing value-added and degree of openness, respectively.

3.3 Institutional Environment

Firms and governments operate in the context of an institutional setting, determined mostly by historical and cultural factors, and by the government itself. Institutions have been defined as a series of rules, norms, and organizations that coordinate human behaviour (World Bank 2002). According to Santonu Basu, the main task of institutions "is to provide support to firms in exchange-related activities, such as marketing, communications, transport, the transfer of technology, credit and insurance" (Basu 2002). Successful institutions lower transaction costs, provide incentives, avoid or resolve conflict, and create the environment in which firms compete. The biggest differences among countries are in terms of effectiveness oft heir institutions, and these differences are probably the most important for development (Rodrik et al. 2002). In this sense, it can be argued that the quality of institutions ultimately determines the level of competitiveness of a country, if the latter is understood as a well-functioning economy.

The term "institutions" refers to a large "black box" that encompasses such diverse factors as political stability; the level of informal economic activity; public trust in politicians and the police; the level of organized crime and corruption; judicial and central bank independence; capacity to collect taxes and enforce the law; soundness of accounting systems; litigation costs; and protection of human rights[10] Given the important impact of the bureaucratic

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level of debt. Or it may be able to generate the necessary foreign currency by borrowing more.

[9] Despite reviewing the size of governments in IDB member countries, this indicator was not included in building the economic performance index. The impact of government size on economic performance is based on the level of development. It is argued that government intervention has a positive impact on economic performance in less developed economies, while it has a negative impact on economic performance in middle and highly developed economies.

[10] (For more detailed information, see International Country Risk Guide Rating at http://www.countryrisk.com/).

quality, public accountability, corruption, government stability and rule of law on productivity growth and degree of competitiveness, the institutional environment is judged by pooling these indicators.

Chart 3.3 ranks 44 IDB member countries according to the institutional factors for the period 1994-2003. Jordan, Brunei, and Malaysia had the most conducive conditions in supporting productivity and competitiveness growth. In contrast, Somalia, Iraq, and Guinea-Bissau are ranked last. Tables 6 and 7 in Annex 1 also present the ranking of IDB member countries according to two important indicators of the institutional environment index, namely rule of law and bureaucratic quality.

Chart 3.3
Ranking of IDB Member Countries According to the Institutional Environment, 1994-2003
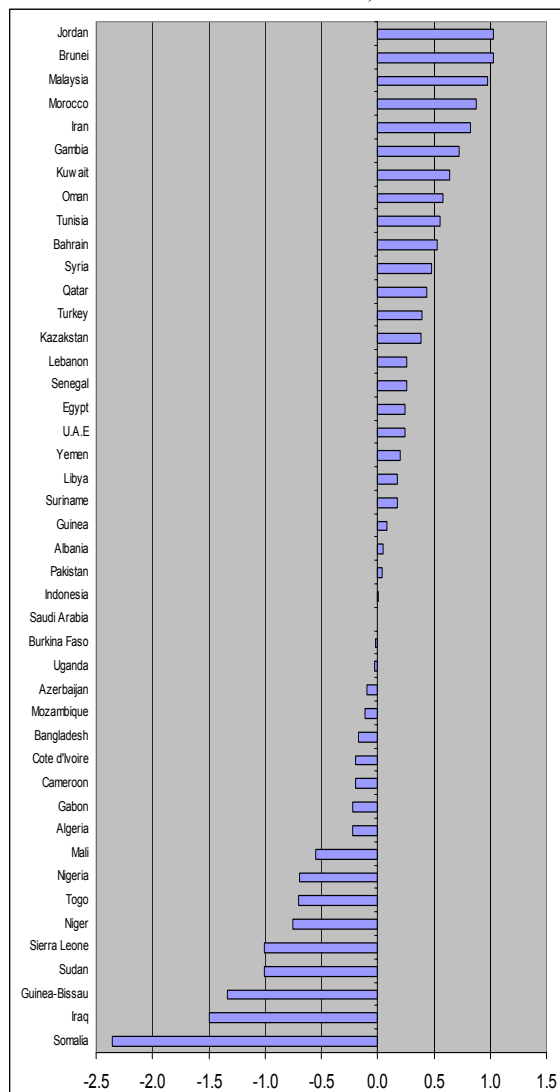
*For more detail, see Table 5 in Annex 1

3.4 Human Resources: Education and Health

Economic growth is perceived to be one of the major factors for development and prosperity. For this reason many theories have attempted to explain growth and numerous studies were devoted to identifying various factors that explain divergence in growth performance across countries and over time. The new development in growth analysis introduces human resources to the production process and proposes that augmenting human capital enhances commodity production. In this context, human resources or capital are treated as an input factor in the production function.

There is a complementary relationship between human and physical capital investment: if investors cannot hire a highly qualified and trained labour force, their investments will not deliver profits. It follows that investment in physical capital will not take place in economies with low-quality human capital. In this Report, 'human resources' reflects the level of education (adult literacy, school enrolment, and tertiary school enrolment) and health.

- **Education:** Education affects all levels of the economy and is a crucial determinant of productivity growth in both the medium and long terms. It is a key element of working smarter. A more educated labour force is more mobile and adaptable, can learn new tasks and new skills more easily, can use a wider range of technologies and sophisticated equipment (including newly emerging ones), and is more creative in thinking about how to improve the management of work. However, different levels of education (i.e., adult literacy, primary, secondary and university education) have different impacts on technological progress, technical efficiency, and productivity; depending on the development stage of the country. According to the World Bank (1993) and the Asian Development Bank (1997), primary education had the highest impact on the economic growth of East Asian countries.

  Available data indicates that the adult illiteracy rate for member countries declined from 44 per cent in 1993 to 34 per cent in 2002, but it lagged behind the developing countries which had illiteracy rate of 31 percent in 1993 and down to 25 percent in 2000. At individual country level, illiteracy rate varies from 1 percent in Kazakhstan and Uzbekistan to 83 per cent in Niger in 2002. However, in terms of enrolment in primary and secondary schools, the average ratios for the member countries have almost remain unchanged at around 90 per cent and 40 per cent respectively since 1990. At the country level, 10

member countries witnessed a decline in both gross primary school enrolment ratio and gross secondary school enrolment ratio since 1990. Kazakhstan, Turkmenistan, and Uzbekistan had the highest adult literacy rates. In contrast, Niger, Mali, and Benin recorded the lowest rates among IDB member countries.

Data analysis shows that secondary school enrolment in IDB member countries, as a group, has increased from 49.7 percent in 1998 to 54.3 percent in 2002. However, IDB countries as a group consistently display a lower rate as compared to rates in developing countries and the world which increased from 54.2 percent and 62.3 percent in 1998 to 63.1 percent and 70.6 percent in 2001, respectively. Amongst IDB member countries, the school enrolment rate ranged from 6.6 percent in Niger to 100 percent in Libya over the period 1998-2002. For the given period, Libya, Uzbekistan, and Bahrain experienced the highest rates of school enrolment, while Niger, Afghanistan, and Burkina Faso recorded the lowest among IDB member countries. The tertiary school enrolment rate in IDB member countries, as a group, has constantly increased from 12.7 percent in 1998 to 15.1 percent in 2002. However, IDB member countries have consistently posted lower rates as compared to those in the developing countries and the world over the given period. For the given period, the average tertiary school enrolment for individual member countries ranged from 55.6 percent in Libya to 0.4 percent in Guinea Bissau.

- **Health:** Health is both a result and a determinant of income. People who are better off are better nourished and better cared for. At the same time, healthier people are able to work harder, think more clearly, and earn a higher return in the labour market. Empirically, many studies show that health improvements provide a significant boost to economic growth in developing countries. This leads to the view that health, like education, is a fundamental component of human capital. Data analysis shows that the total health expenditure as a percentage to GDP in IDB member countries have consistently displayed a lower rate as compared to those of the world and developing countries for the period 1998 to 2002. On average, the ratio was around 4.7 percent in IDB member countries. In contrast, it was 5.9 percent and 9.4 percent in developing countries and the world. The average per capita health expenditure for IDB member countries dropped from US$71 in 1990 to US$56 in 2002 while figures for other economic groups recorded an upward trend (developing countries from US$43

in 1990 to US$75 in 2002; high-income countries from US$1,742 in 1990 to US$3,039 in 2002; and the world from US$359 in 1990 to US$524 in 2002). The average total health expenditure as a percentage of GDP for individual member countries ranged from 1.6 percent in Iraq to 11.9 percent in Lebanon during the period 1998 to 2002.

Given the importance of the above indicators in enhancing productivity and competitiveness, the human resources index is built by pooling the above mentioned indicators.

Chart 3.4
Ranking of IDB Member Countries According to the Human Resources Index, 1998-2002
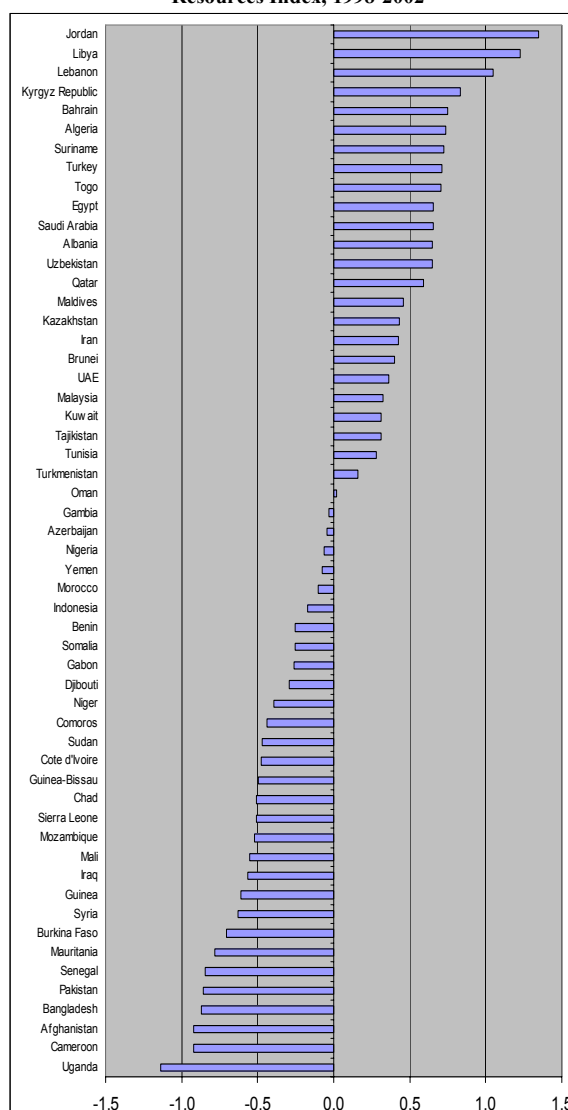
ᵗFor more detail, see Table 8, Annex 1

Chart 3.4 ranks 55 IDB member countries according to the human resources index for the period 1998-2002. While Jordan, Libya, and Lebanon recorded the best conditions, Afghanistan,

Cameroon, and Uganda were ranked last. For more information, Tables 9 and 10 in Annex 1 show the ranking of IDB member countries according to two important indicators within the human resource index, namely adult literacy and health expenditure.

3.5   Financial Environment

Economists interest in the relationship between financial sector development and economic growth dates back to Schumpeter (1912) who argued that a country's financial system plays a critical role in technological innovation, and economic growth and development through mobilizing savings, monitoring managers, evaluating projects, managing and pooling risks, and facilitating transactions. Goldsmith (1969) and McKinnon (1973) investigated further this relationship on a country-case basis and confirmed that better functioning financial systems, as described by Schumpeter, were supportive of faster growth. Financial environment is meant to reflect the level of the following indicators:

* **Credit to private sector as a percentage of GDP:** The private sector is perceived as an engine of economic growth and an important source of employment in developing countries. Providing appropriate credit and loans to the private sector can promote and develop a strong and dynamic private sector which supports economic growth and poverty reduction. The amount of credit provided to the private sector can be used as an indicator for measuring the tendency of the financial sector to support the private sector. On average, the amount of credit provided to the private sector as a percentage of GDP was 25.5 percent in IDB member countries over the period 1994 to 2003, while it was 50.3 percent and 136.9 percent in developing countries and the world, respectively. This ratio for IDB member countries, as a group, increased from around 23.6 percent in 1994 to 26.9 percent in 2003, which was less than the rate of increase achieved by the other two groups. Among IDB member countries, while Malaysia (141 percent), Lebanon (76 percent), and Jordan (74 percent) provided highest credit to the private sector, Turkmenistan (1.98 percent), Sierra Leone (2.88 percent) and Sudan (3.13 percent) had the lowest.

* **Gross domestic savings as a percentage of GDP:** The close relationship between the gross domestic saving rate of the economy and the economic growth rate is a stylized feature that has been well-documented in a number of empirical investigations[11]. These studies have indicated that an increase in savings translates into higher investment, which in turn stimulates economic growth, as shown by Harrod (1939), Domer (1946) and Solow (1956). Available data showed that the gross domestic savings rate was around 14.9 percent in IDB member countries while it was around 25.4 and 22.2 percent in developing countries and the world respectively, over a ten year period from 1994 to 2003. The ratio increased from around 13.7 percent in 1994 to 16.8 percent in 2003 in IDB member countries, which was higher than the rate of increase achieved by the other two groups. For the given period, this measure for individual member countries ranged from -22.9 percent in Palestine to 46.7 percent in Maldives. While Maldives, Gabon, and Malaysia recorded the highest ratio, Palestine, Lebanon, and Sierra Leone had the lowest ratio of gross domestic savings to GDP.

* **Liquid liabilities as a percentage of GDP:** Liquid liabilities as a ratio of nominal GDP are widely used in measuring financial deepening, which reflects an increasing use of financial intermediation by savers and investors and the monetisation of the economy, and allows efficient flow of resources among people and institutions over time. Liquid liabilities reflect the extent of transaction services provided by a financial system as well as the ability of the financial system to channel funds from depositors to investment opportunities. This can lower the cost of mobilizing savings, facilitating investments into the most productive activities. Data analysis shows that the ratio for IDB member countries increased by 8 percentage from 40.7 percent in 1994 to 48.3 percent in 2003. However, this increase was less than those achieved by developing countries and the world, indicating that member countries performed relatively poorly in this area as compared to developing countries. For the given period, the ratio for individual member countries ranged from 9 percent in Niger to 172.2 percent in Lebanon. Lebanon (172 percent), Malaysia (126 percent), and Jordan (108 percent) recorded the highest liquid liabilities ratio among IDB member countries while Niger (9 percent), Guinea (10 percent), and Chad (12 percent) recorded the least ratio.

* **Turnover ratio:** Stock markets affect economic activity through the creation of liquidity. Liquid equity markets make investment less risky and

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[11] The relationship between economic growth and gross domestic savings has gained increased popularity in recent macroeconomic analysis (Pagano, 1996; Gavin et al, 1997; Sinha and Sinha, 1998; Saltz, 1999).

more attractive because they allow savers to acquire an asset (equity) and to sell it quickly if they need access to their savings or want to alter their portfolios. At the same time, companies enjoy permanent access to capital raised through equity issues. By facilitating longer-term, more profitable investments, liquid equity markets improve the allocation of capital and enhance prospects for long-term economic growth. Turnover ratio is one of the common indexes for measuring stock market performance.

A large turnover ratio indicates an active stock market. Many empirical results support theoretical literature in suggesting that a higher turnover ratio can lead to greater growth. For example, Hamid Mohtadi and Sumit Agarwal (1998) showed that turnover ratio significantly affected economic growth through investment enhancement[12]. Data shoes that the turnover ratio was around 40.9 percent in IDB member countries over the period 1995-2004. In contrast, it was 68.4 and 100.6 percent in developing countries and the world, respectively. However, the ratio increased from around 31.4 percent in 2001 to 50.5 percent in 2004 in IDB member countries, which was higher than the rates of increase achieved by developing countries but lower than that of the world. Over the given period, the average turnover ratio for individual member countries ranged from 0.4 percent in Mauritania to 243 percent in Pakistan. While Pakistan, Turkey, and Uzbekistan had the highest turnover ratio, Mauritania, Cote d'Ivoire, and UAE recorded the lowest turnover in stock market.

- **Market capitalization as a percentage of GDP:** Market capitalization ratio is one of the most common indicators used to measure the performance of the stock market. It measures the overall market size and the ability to mobilize capital and diversify risk on an economy-wide basis. A higher ratio means better capability of the stock market to mobilize capital. The ratio for individual member countries ranged from 0.1 percent in Azerbaijan to 169 percent in Malaysia over the period 1994-2003. Malaysia, Mauritania, and Bahrain had the highest market capitalization. In contrast, Azerbaijan, Uganda, and Kyrgyz Republic experienced the lowest ratio among the selected IDB member countries.

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[12] Stock Market Development and Economic Growth: Evidence from Developing Countries (Hamid Mohtadi and Sumit Agarwal)

Chart 3.5
Ranking of the IDB Member Countries
According to the Financial Environment, 1994-2003
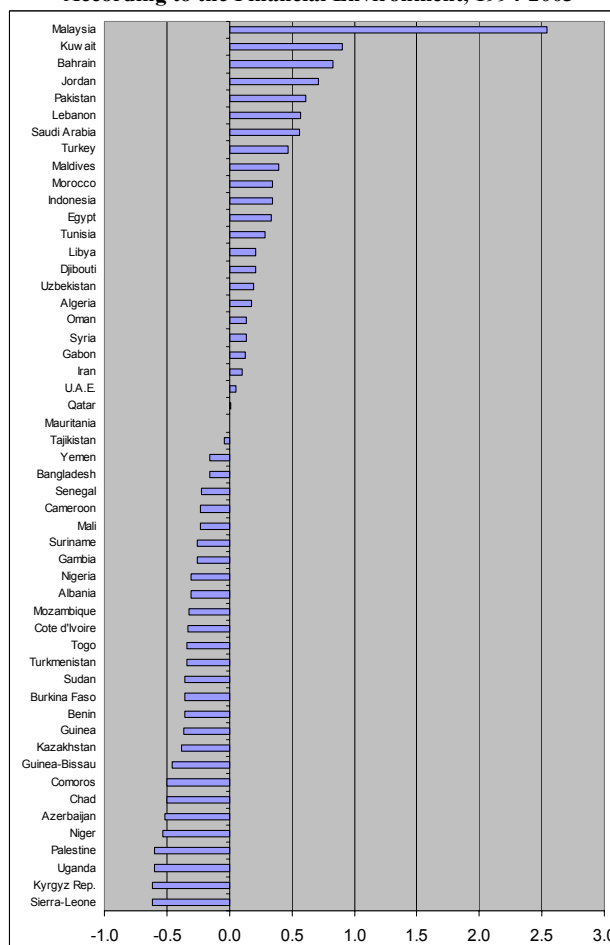
*For more detail, see Table 11, Annex

The financial environment index is generated by combining the above five indicators and intends to measure the level of financial intermediation and the efficiency of financial intermediation. Over the period 1994-2003, the financial environment index ranged from -0.62 in Sierra-Leone to 2.54 in Malaysia.

Chart 3.5 ranks the performance of 52 IDB member countries according to the financial environment index over the period 1994-2003.

Malaysia, Kuwait, and Bahrain had the most conducive financial conditions in facilitating productivity growth and competitiveness. In contrast, Sierra Leone, Kyrgyz Republic, and Uganda recorded the lowest. Tables 12 and 13 in Annex 1 show the ranking of IDB member countries according to two important indicators within the financial environment index, namely credit to private sector and market capitalization.

3.6 General Infrastructure, Information, and Technology

Economic theory suggests that the transition to a knowledge economy with sufficient infrastructure investment leads to increases in productivity, economic growth and international competitiveness. Knowledge economy is defined as an umbrella concept which comprises well-established information and communications technologies, well-educated and skilled human capital, a high intensity of domestic innovation and technological adoption and the economic and institutional regime to stimulate productivity and economic growth. By promoting connectivity of producers and markets, lowering transactions costs, and providing people with access to important services like education and healthcare, a reliable infrastructure network lays the foundation for a longer term and sustainable economic growth. Extending roads, schools, health clinics, utilities and other services to those populations who need it most will make the process of growth more inclusive and aid the fight against poverty. In order to take into account the role of information, technology and infrastructure in economic growth of IDB member countries, the following indicators are estimated:

- **Information and communication technology expenditure:** ICT is an engine for economic growth as it creates jobs, enables countries to advance development and attract investments. Empirically, there is much evidence on the positive impact of ICT on economic growth and productivity in a number of developed countries. However, there are not enough studies which would estimate the contribution of ICT to growth and productivity in developing economies. Data availability, consistency, and accuracy have been so far the main obstacles. Data analysis derived from 14 IDB member countries for the four-year period 2000-2003 showed that ICT expenditure for individual member countries ranged from 1.11 percent in Egypt to 8.64 percent in Jordan. While Jordan, Turkey, and Senegal recorded the highest expenditure, Egypt, Kuwait and Iran had the lowest.

- **Research and development expenditure:** The capacity for science and technology in IDB member countries has not been adequately translated into innovative and dynamic business organisation or enterprise. The economies of many IDB member countries remain largely dependent on natural resources. A sound scientific and technological base, from which wealth-creating technological innovations and applications can develop, is

essential to economic growth in a competitive international environment. Science and technology help fuel sustainable economic expansion; creating high-wage jobs, world-class exports and productivity growth which are critical to longer term economic growth. This knowledge base should address the full spectrum of economic accumulation, from mobilising resources, to effective production to knowledge-based marketing, sales, services and distribution of manufactured products.

In addition, productivity growth is increasingly dependent on the generation and transfer of knowledge and technology. Research boosts productivity and economic growth by advancing knowledge and skills that sustain innovation and help solve problems at both macro and micro levels of the economy. In this context, a country's ability to meet its technology needs depends on strengthening indigenous technology and producing more human capital specialised in research and development. According to the World Bank, there is a strong correlation between the percentage of GDP spent in research and development and GDP per capita. Available data, over the period of 1996-2002, shows that research and development expenditure as a percentage of GDP for individual member countries ranges from 0.2 percent of GDP in Pakistan to 0.6 percent of GDP in Uganda.

- **Telephone mainlines per 1,000 people**: Investment in telecommunications networks can facilitate the development of a broad spectrum of innovations that, over time, improve productivity. According to a World Bank study in 1997, there is a positive correlation between telephone mainlines and economic growth. The number of telephone mainlines per 1,000 people in member countries was around 69.8 over the period of 1994-2003, while it was around 71.3 and 149 in developing countries and the world, respectively. This indicator for individual member countries ranged from 1.2 in Chad to 331.8 in the UAE. Available data shows that UAE, Bahrain, and Turkey had the highest telephone mainlines per 1,000 people for the given period. In contrast, Chad, Afghanistan and Niger had the lowest rates among IDB member countries.

- **Roads, total network (Km per 100 Sq Km):** Road building and maintenance should be considered a major activity in the country. Indeed, cost of goods and services are affected by the state of the roads in a country. Introducing road networks to rural areas leads

to market enlargement, arrival of financial services, employment for people of rural areas and facilitates the transportation of produced goods to fetch good prices. The construction of a road can create investment opportunities in an area and help the development of the local economy. Indeed, the resulting benefits from the expansion of roads and in maintaining them can make a very long list. This indicator for individual member countries ranged from 0.5 kilometres in Sudan to 421 kilometres in Bahrain for the period 1993-1999. While Bahrain, Bangladesh, and Lebanon were ranked 1st, 2nd and 3rd, Sudan, Mauritania, and Niger had the lowest road network ranking.

Chart 3.6
Ranking of the IDB Member Countries According to the General Infrastructure, 1994-1999
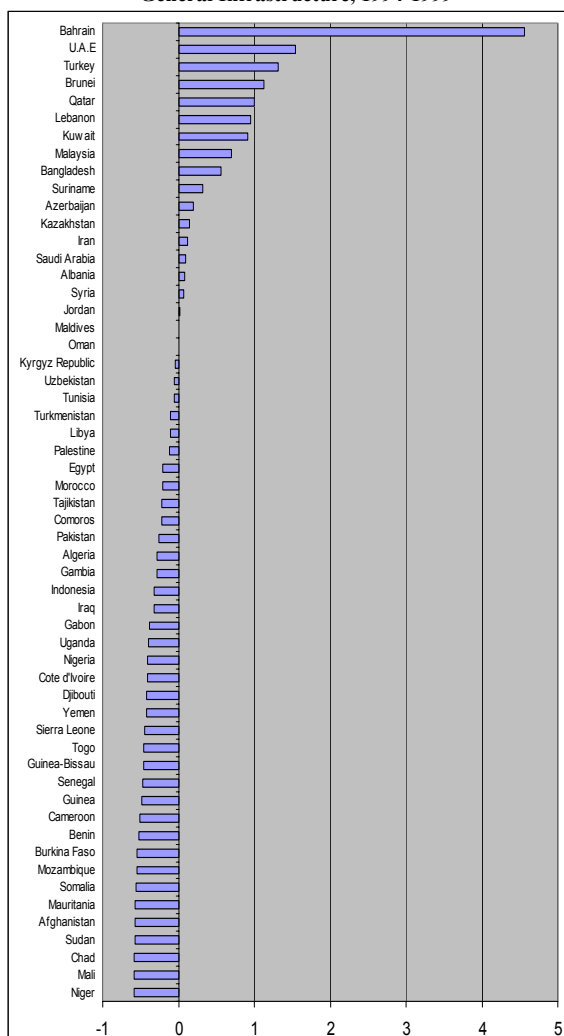
*For more detail, see Table 14 in Annex 1

Table 3.6 ranks 56 IDB member countries according to the general infrastructure index over the period 1994-1999[13]. Bahrain, UAE, and Turkey received the highest scores. In contrast, Niger, Mali, and Chad had the lowest scores among IDB member countries. Tables 15 and 16 in Annex 1 show the ranking of IDB member countries according to two telephone mainlines per 1000 people and roads, total network (Km per 100 Sq Km), respectively.

Finally, Table 3.1 summarizes the status of IDB member countries according to the five major factors influencing productivity and international competitiveness. In terms of national economic performance, almost half of member countries are lagging behind the average economic performance achieved by IDB member countries as a whole. These countries need to undertake wide-ranging macroeconomic reforms to foster macroeconomic stability, and remove restrictions on foreign investment, enhance transparency of trade policies and regulations. Such policies will enable them to increase productivity and national economic performance.

Eighteen member countries received institutional environment scores below the average. For strengthening the Institutional Infrastructure, these countries should emphasize on reforming the basic legal framework encompassing the rule of law, public administration, intellectual property rights, competition laws and policies and contract law and regulatory structure, etc.. Such policies facilitate the private sector and civil society participation in rule-making and government decision-making.

According to human resource index, 29 member countries lagged behind the average performance of IDB member countries as a whole. These countries need to urgently enhance the quality of human capital which depends on the education and skills of the labour force. They can enhance productivity through education reforms, developing and launching of a programme aimed at increasing adult education, on-the-job training, linking of future skill-needs to the education system, and providing more vocational training especially to support the skill requirements of the small and medium enterprises.

For member countries which are weak in terms of Financial Environment, it suggests that for increasing productivity they should focus on

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[13] The aggregated ranking for general infrastructure, information, and technology is calculated by pooling just two indicators, namely telephone mainlines per 1000 people and roads, total network (Km per 100 Sq Km) due to the lack of data for other indicators.

transparency in financial policies, good governance and accountability, and institutional and legal framework for managing financial crises. Finally, thirty six member countries received Technology and Infrastructure score below the average performance of IDB member countries as a whole. These countries need to focus more on research and development by providing seed capital for technology and innovation, encourage and support small and medium enterprises to develop partnership between the universities and industries, and modernize their infrastructure in relation to a knowledge-based economy .

Table 3.1
Performance of IDB Member Countries According to the
Five Major Determinants of Productivity

	Country	National Economic Performance (1995-2004)	Institutional Environment (1994-2003)	Human Resources (1998-2002)	Financial Environment (1994-2003)	Technology & Infrastructure (1994-1999)
1	Afghanistan	No Data	No Data	Lagging	No Data	Seriously Lagging
2	Albania	●	●	●	Lagging	●
3	Algeria	Lagging	Seriously Lagging	●	●	Lagging
4	Azerbaijan	●	Lagging	Lagging	Seriously Lagging	●
5	Bahrain	●	●	●	●	●
6	Bangladesh	●	Lagging	Seriously Lagging	Lagging	●
7	Benin	Lagging	No Data	Lagging	Lagging	Seriously Lagging
8	Brunei	No Data	●	●	No Data	●
9	Burkina Faso	Lagging	Lagging	Seriously Lagging	Lagging	Seriously Lagging
10	Cameroon	Lagging	Lagging	Seriously Lagging	Lagging	Lagging
11	Chad	●	No Data	Lagging	Seriously Lagging	Seriously Lagging
12	Comoros	Seriously Lagging	No Data	Lagging	Seriously Lagging	Lagging
13	Cote d'Ivoire	Lagging	Lagging	Lagging	Lagging	Lagging
14	Djibouti	Lagging	No Data	Lagging	●	Lagging
15	Egypt	●	●	●	●	Lagging
16	Gabon	Lagging	Lagging	Lagging	●	Lagging
17	Gambia	●	●	Lagging	Lagging	Lagging
18	Guinea	Seriously Lagging	●	Lagging	Lagging	Lagging
19	Guinea-Bissau	Seriously Lagging	Seriously Lagging	Lagging	Seriously Lagging	Lagging
20	Indonesia	●	●	Lagging	●	Lagging
21	Iran	Seriously Lagging	●	●	●	●
22	Iraq	No Data	Seriously Lagging	Lagging	No Data	●
23	Jordan	●	●	●	●	●
24	Kazakhstan	Lagging	●	●	Seriously Lagging	●
25	Kuwait	Lagging	●	●	●	●
26	Kyrgyz Rep.	Lagging	No Data	●	Seriously Lagging	Lagging
27	Lebanon	Lagging	●	●	●	●
28	Libya	Seriously Lagging	●	●	●	Lagging
29	Malaysia	●	●	●	●	●
30	Maldives	●	No Data	●	●	●
31	Mali	Lagging	Seriously Lagging	Seriously Lagging	Lagging	Seriously Lagging
32	Mauritania	●	No Data	Seriously Lagging	●	Seriously Lagging
33	Morocco	●	●	Lagging	●	Lagging
34	Mozambique	●	Lagging	Seriously Lagging	Lagging	Seriously Lagging
35	Niger	Seriously Lagging	Seriously Lagging	Lagging	Seriously Lagging	Seriously Lagging
36	Nigeria	Seriously Lagging	Seriously Lagging	Lagging	Lagging	Lagging
37	Oman	●	●	●	●	●
38	Pakistan	Lagging	●	Seriously Lagging	●	Lagging
39	Palestine	Lagging	No Data	No Data	Seriously Lagging	Lagging
40	Qatar	●	●	●	●	●
41	Saudi Arabia	Lagging	●	●	●	●
42	Senegal	●	●	Seriously Lagging	Lagging	Lagging
43	Sierra Leone	Seriously Lagging	Seriously Lagging	Seriously Lagging	Seriously Lagging	Lagging
44	Somalia	No Data	Seriously Lagging	Lagging	No Data	Seriously Lagging
45	Sudan	Seriously Lagging	Seriously Lagging	Lagging	Lagging	Seriously Lagging
46	Suriname	Seriously Lagging	●	●	Lagging	●
47	Syria	●	●	Lagging	●	●
48	Tajikistan	●	No Data	●	Lagging	Lagging
49	Togo	●	Seriously Lagging	●	Lagging	Lagging
50	Tunisia	●	●	●	●	Lagging
51	Turkey	Seriously Lagging	●	●	●	●
52	Turkmenistan	●	No Data	●	Lagging	Lagging
53	UAE	No Data	●	●	●	●
54	Uganda	Lagging	Lagging	Seriously Lagging	Seriously Lagging	Lagging
55	Uzbekistan	●	No Data	●	●	Lagging
56	Yemen, Rep.	Lagging	●	No Data	Lagging	Lagging

Notes: (1) "Lagging" means below the average performance of member countries, (2) "Seriously lagging" indicates the last ten member countries in each category, (3) "●" means that the performance in each category is above the average performance of member countries, and (4) Member countries with two or more "seriously lagging" classification have been shaded.

CHAPTER FOUR
SUMMARY AND CONCLUSIONS

4.1   Key Findings

The present Report aimed to create greater awareness about the status and progress of major indicators of productivity for IDB member countries. The report is expected to be useful to the policymakers and OIC institutions for two main reasons. First, it will help policymakers in member countries to judge the current ranking in terms of its overall economic performance, institutional environment, human resource development, financial environment and information technology and infrastructure, and thus help them in identifying strategic reforms areas of IDB intervention. Second, it will enable the OIC institutions and other development partners to monitor the progress of individual member countries in terms of relevant parameters and indices.

The Report estimated the growth rate of real GDP per capita of IDB member countries at 1.70 percent over the ten year period from 1995-2004, which was higher than the world estimated at 1.49 percent, but lower than that of developing countries at 3.11 percent. There were eight member countries who, despite their economic growth, posted negative growth of real GDP per capita. This implies that the productivity of labour force adversely affected economic growth. These considerations suggest that there is a need to carefully examine the role of the above mentioned five underlying factors in order to assess their significance and to identify constraints for enhancing productivity-led economic growth.

According to **national economic performance** index, about two-fifths of member countries scored higher than the average of the national economic performance index. The remaining member countries are *lagging or seriously lagging* behind the average and they need to undertake wide-ranging macroeconomic reforms, particularly in the manufacturing sector and trade openness.

Out of 44 IDB member countries, 26 member countries scored higher than the average of the **institutional environment** index. The remaining member countries are lagging or *seriously lagging* and they need to undertake wide-ranging institutional reforms, particularly in the area of economic rules and regulations as well as bureaucratic quality. About half of member countries scored higher than the average of the **human resources** index. The remaining member countries are lagging or *seriously lagging* and they

need to focus on wide-ranging economic policy leading to enhance human resources, particularly in the health sector and adult education. Such policies will enable these member countries to increase productivity growth.

Approximately half of member countries scored higher than the average of the **financial environment** index. The remaining countries are lagging and *seriously lagging*. These countries need to pay more attention to financial systems as an important factor in fostering economic growth and productivity. According to **information technology and infrastructure** index, one-third of member countries scored higher than the average and the remaining member countries are *lagging or seriously lagging* behind the average and they need to undertake appropriate policies to move toward the knowledge-based economy with sufficient infrastructure investment.

One of the main insights of this Report is that sustained economic growth is not simply a macroeconomic phenomenon. In fact, it is the cumulative result of "innovation and constructive destruction" of firms that fundamentally underpins productivity growth and international competitiveness. In this context, benchmarking and monitoring of productivity growth at both national and sector levels should be considered as a key element for sustaining longer term economic growth.

4.2   Suggested Areas for Enhancing Productivity in Member Countries

For economic growth to become self-sustaining, productivity and competitiveness must continue to rise. In turn, productivity and competitiveness are dependent on a number of factors, including macroeconomic stability, institutional environment, human resources, financial development, and information technology and infrastructure. As a result, it is important to address all these major factors in developing a sweeping program to enhance productivity and competitiveness. So far two-fifth of IDB member countries achieved successfully the process of macroeconomic stabilization (low inflation, balanced budget, low balance of payments disequilibria, sustainable external debt). However, little efforts are exerted in reforming and improving the performance of equally important areas that generate consistent competitiveness and productivity growth. In this context, the following major issues appear as

critical elements in any reform programme designed to raise productivity and competitiveness in IDB member countries:

i. **Improving national economic performance**: Boosting export and investment growth will propel economic growth resulting from higher productivity. Trade openness is vital for economic growth which, besides accruing gains from specialization, also stimulates economic growth through enhanced competition, access to foreign markets, technology transfer, and foreign investment. For those member countries that are *seriously lagging* in the **macroeconomic performance** indicator, productivity can be enhanced through reforms that aim to:

- Foster macroeconomic stability, develop a reputation for predictability of policies, remove restrictions on foreign investment, and enhance transparency of trade policies and regulations, which will then enable the private sector to make long-term decisions.

- Expand and diversify the export base by focusing on value-added of manufactured goods and services. Currently, the production and export structure is resource- and low-cost labour intensive which does not provide a basis for member countries to truly benefit from market access opportunities.

- Incorporate enhanced levels of technical innovation into the export goods which will then enable member countries to tap non-traditional export markets.

- Provide support for exporters by building institutional capacity, streamlining and simplifying all trade-related procedures.

ii. **Strengthening institutional infrastructure**: Institutions matter for productivity growth because they affect the incentive structure in a market economy. Government has the central responsibility to provide an institutional infrastructure which will enable the markets to function efficiently. Reforms of policy can be promoted through public and private sector institutionalized forums. Such dialogue will garner support for prioritization of institutional reforms and enhance the confidence of market participants. For those member countries that are *seriously lagging* in **institutional environment**, productivity can be enhanced by:

- Reforming the basic legal framework, encompassing the following: (i) rule of law,

(ii) public administration, (iii) laws regarding contracts and the regulatory structure affecting key sectors of the economy, (iv) intellectual property rights, and (v) competition laws and policies.

- Institutionalizing a formal process for private sector and civil society participation in rule-making and government decision-making.

iii. **Enhancing the quality of human capital:** Economic growth due to increased productivity critically depends on the quality of human resources, which is dependent on the education and skills of the labour force. Developing an education system which is consistent with the needs of economic development and growth significantly boosts productivity. For those member countries that are *seriously lagging* in the **human resources** indicator, productivity can be enhanced through an education reform programme that aims to:

- Increase participation in adult education and start on-the-job training, which will upgrade the competence level of the current workforce.

- Estimate the future skills needs of the labour market. This should then be linked to a flexible education system designed to serve the emerging skills requirements of the economy.

- Encourage provisioning of vocational training by the private sector; especially in a way that supports the skills requirements of small- and medium-size enterprises.

iv. **Laying the foundations for a knowledge-based economy**: Science and technology is critical to IDB nations for many reasons. It fuels sustainable economic expansion creating high-wage jobs, world-class exports and productivity growth which are so critical to our long-term global competitiveness. This knowledge base should address the full spectrum of economic accumulation, from mobilising resources, to effective production and knowledge-based marketing, sales, services and distribution of manufactured products. In this context, IDB member countries should develop a medium-term economic restructuring program to evolve from a resource- and low-skill labour-intensive based production structure to technology-based and knowledge-driven economies. Such a transition will be fostered by developing an effective strategy that encourages

innovativeness. Research boosts productivity and economic growth by advancing knowledge and skills that sustain innovation and help solve problems at both macro and micro levels of the economy. In this context, a suitable technology and innovation strategy would be primarily market-oriented, develops absorptive capacity of research and development dissemination, focuses on establishing research and development infrastructure, and promotes the knowledge component in all new investments. For many member countries, the following major elements of **information technology and infrastructure** facilities are critical for enhancing productivity:

- Based on a review of national level science and technology profile, it is essential to commercialize research and development by providing seed capital funds for technologies and innovations.

- Encourage and support small and medium enterprises and venture firms to develop partnerships with universities and industries by providing an enabling environment that emphasizes protection of intellectual property rights agreements.

- Introduce or modernize infrastructure related to a knowledge-based economy by collecting information on industry needs, IT diffusion, reducing cost of Internet access, and developing relevant software packages to meet the needs of the economy.

v. **Strengthening the financial environment**: A country's financial system includes its banks, stock exchange, pension funds, insurance, central bank, and regulators. An efficient and sound financial system plays a critical role in enhancing productivity and economic growth through mobilization of savings and allocation of investment funds. In addition, global and trade integration is promoted through a state-of-art payments and settlement system. For those member countries that are *seriously lagging* in a **sound financial system**, productivity can be enhanced by:

- Providing transparent information on monetary and financial policies. Besides allowing the markets to know the goals and mechanisms of implementing policies, it will also encourage authorities to credibly commit to sound policies.

- Developing a system of good governance and accountability of various regulators such as the central bank, financial institutions, and stock exchanges.

- Focusing on prevention and mitigation of financial crisis through developing systemic liquidity arrangements, institutional and legal frameworks for crisis management and loan recovery.

- Encouraging market institutions to manage and pool various types of risks, particularly financing of venture firms, which will promote efficient allocation of capital among the firms and across the various sectors. Examples of such institutions are: credit rating agencies, courts set up to quickly resolve commercial disputes, stock exchange, surveillance and oversight bodies which monitor observance of accounting standards, codes and best practices.

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Annex 1

Tables

Table 1
Performance of IDB Member Countries According to the Size of the Economy, GDP Growth
and GDP Per Capita Growth, 2000-2004

Countries	Size Ranking of the Economies	GDP Growth	GDP Per Capita Growth
Afghanistan	No Data	No Data	No Data
Albania	32	6.35	6.04
Algeria	9	4.35	2.07
Azerbaijan	28	10.36	8.09
Bahrain	26	3.46	1.120
Bangladesh	10	5.28	3.37
Benin	39	4.91	2.47
Brunei	No Data	No Data	No Data
Burkina Faso	37	4.46	1.98
Cameroon	24	4.68	2.40
Chad	41	12.29	3.20
Comoros	51	1.51	-0.96
Cote d'Ivoire	22	-1.14	-1.37
Djibouti	49	2.17	-1.25
Egypt.	5	3.86	2.59
Gabon	29	1.86	-1.17
Gambia, The	50	4.62	1.21
Guinea	35	2.74	1.33
Guinea-Bissau	52	0.56	-4.28
Indonesia	3	4.13	0.14
Iran.	4	5.78	2.72
Iraq	No Data	No Data	No Data
Jordan	25	4.36	0.76
Kazakhstan	15	10.10	7.24
Kuwait	12	3.08	-1.97
Kyrgyz Rep.	42	4.48	3.43
Lebanon	19	1.46	0.50
Libya	No Data	No Data	No Data
Malaysia	6	5.13	1.56
Maldives	48	5.73	4.60
Mali	38	6.07	3.66
Mauritania	45	4.48	1.51
Morocco	14	3.80	1.82
Mozambique	31	7.48	6.06
Niger	40	3.62	0.25
Nigeria	11	4.73	0.84
Oman	16	4.91	1.20
Pakistan	8	4.09	0.90
Palestine	34	-9.49	-7.26
Saudi Arabia	2	3.17	-0.38
Senegal	30	4.95	2.28
Sierra Leone	47	5.72	-2.02
Somalia	No Data	No Data	No Data
Sudan	21	6.12	3.93
Suriname	46	3.49	1.68
Syria	18	2.66	-0.02
Tajikistan	44	9.26	4.70
Togo	43	1.77	-0.26
Tunisia	17	4.42	3.57
Turkey	1	4.14	0.92
Turkmenistan	33	16.64	9.74
Uganda	27	5.75	3.19
UAE	7	5.86	-1.81
Uzbekistan	20	3.82	2.61
Yemen, Rep.	23	4.60	2.03
Note: Size of the economy is the average GDP (stated in US$) for the period from 2000 to 2004.			

Table 2. Ranking of IDB member countries According to GDP Per Capita Growth

1995-1999				2000-2004				1995-2004			
Country	Rank	N(*)	Growth	Country	Rank	N(*)	Growth	Country	Rank	N(*)	Growth
Albania	1	100.0	7.1	Turkmenistan	1	100.0	14.8	Albania	1	100.0	6.4
Maldives	2	89.5	6.3	Kazakhstan	2	71.2	10.6	Turkmenistan	2	97.0	6.2
Mozambique	3	85.9	6.1	Azerbaijan	3	64.4	9.6	Mozambique	3	88.9	5.7
Uganda	4	69.3	4.9	Chad	4	61.1	9.1	Azerbaijan	4	86.5	5.6
Yemen	5	56.6	4.0	Tajikistan	5	58.1	8.6	Kazakhstan	5	84.2	5.4
Sudan	6	51.9	3.7	Albania	6	38.9	5.8	Maldives	6	77.5	5.0
Tunisia	7	51.9	3.7	Mozambique	7	36.0	5.3	Chad	7	66.1	4.2
Mali	8	46.6	3.3	Sudan	8	25.9	3.8	Uganda	8	60.6	3.9
Egypt	9	45.5	3.2	Iran	9	25.5	3.8	Sudan	9	58.6	3.8
Bangladesh	10	45.2	3.2	Sierra Leone	10	24.8	3.7	Tunisia	10	53.7	3.4
Togo	11	44.9	3.2	Maldives	11	24.4	3.6	Mali	11	53.3	3.4
Malaysia	12	37.5	2.6	Mali	12	23.9	3.6	Bangladesh	12	51.9	3.3
Guinea	13	35.4	2.5	Kyrgyz Rep.	13	23.6	3.5	Malaysia	13	43.7	2.8
Cote d'Ivoire	14	35.2	2.5	Bangladesh	14	23.3	3.5	Kyrgyz Rep.	14	43.3	2.8
Benin	15	34.9	2.5	Tunisia	15	21.7	3.2	Yemen	15	43.0	2.8
Burkina Faso	16	34.5	2.4	Malaysia	16	19.9	3.0	Iran	16	41.1	2.6
Senegal	17	32.8	2.3	Uganda	17	19.4	2.9	Egypt	17	40.6	2.6
Turkey	18	30.8	2.2	Indonesia	18	18.6	2.8	Senegal	18	37.4	2.4
Kyrgyz Rep.	19	28.9	2.0	Algeria	19	18.4	2.7	Benin	19	36.8	2.4
Cameroon	20	28.5	2.0	Uzbekistan	20	17.3	2.6	Turkey	20	36.6	2.3
Lebanon	21	28.1	2.0	Cameroon	21	17.0	2.5	Cameroon	21	35.4	2.3
Algeria	22	24.2	1.7	Turkey	22	17.0	2.5	Algeria	22	34.6	2.2
Azerbaijan	23	21.7	1.5	Senegal	23	16.7	2.5	Burkina Faso	23	34.6	2.2
Iran	24	21.2	1.5	Benin	24	15.2	2.3	Uzbekistan	24	29.0	1.9
Mauritania	25	17.7	1.3	Nigeria	25	15.0	2.2	Tajikistan	25	28.1	1.8
Suriname	26	17.0	1.2	Suriname	26	15.0	2.2	Suriname	26	26.6	1.7
Uzbekistan	27	16.4	1.2	Morocco	27	14.5	2.2	Mauritania	27	24.9	1.6
Pakistan	28	13.1	0.9	Burkina Faso	28	13.5	2.0	Guinea	28	23.8	1.5
Bahrain	29	9.9	0.7	Egypt	29	13.4	2.0	Indonesia	29	23.7	1.5
Syria	30	9.8	0.7	Mauritania	30	13.1	1.9	Morocco	30	20.5	1.3
Morocco	31	6.7	0.5	Gambia	31	12.7	1.9	Pakistan	31	19.9	1.3
Oman	32	6.0	0.4	Oman	32	12.1	1.8	Togo	32	19.1	1.2
Jordan	33	5.3	0.4	Pakistan	33	10.9	1.6	Oman	33	17.3	1.1
Gambia	34	4.6	0.3	Jordan	34	10.3	1.5	Gambia	34	17.2	1.1
Indonesia	35	4.1	0.3	Yemen	35	10.2	1.5	Lebanon	35	16.8	1.1
Kazakhstan	36	3.3	0.2	Bahrain	36	8.1	1.2	Nigeria	36	15.2	1.0
Niger	37	2.1	0.2	Guinea	37	3.7	0.6	Jordan	37	14.9	1.0
Gabon	38	0.9	0.1	Niger	38	3.6	0.5	Bahrain	38	14.8	0.9
Nigeria	39	-4.0	-0.3	Syria	39	1.7	0.3	Syria	39	7.3	0.5
Chad	40	-8.3	-0.6	Saudi Arabia	40	1.4	0.2	Niger	40	5.4	0.3
Comoros	41	-9.0	-0.6	Lebanon	41	1.1	0.2	Gabon	41	-2.4	-0.2
Palestine	42	-12.3	-0.9	Djibouti	42	-1.9	-0.3	Cote d'Ivoire	42	-5.2	-0.3
Saudi Arabia	43	-13.6	-1.0	Gabon	43	-2.5	-0.4	Saudi Arabia	43	-5.8	-0.4
U.A.E	44	-21.3	-1.5	Kuwait	44	-4.0	-0.6	Comoros	44	-12.1	-0.8
Guinea-Bissau	45	-33.2	-2.3	Togo	45	-4.9	-0.7	U.A.E	45	-22.6	-1.5
Turkmenistan	46	-34.1	-2.4	Comoros	46	-6.2	-0.9	Djibouti	46	-30.6	-2.0
Kuwait	47	-49.6	-3.5	U.A.E	47	-9.4	-1.4	Kuwait	47	-31.9	-2.0
Djibouti	48	-51.6	-3.6	Guinea-Bissau	48	-15.3	-2.3	Sierra Leone	48	-32.8	-2.1
Tajikistan	49	-71.0	-5.0	Cote d'Ivoire	49	-21.2	-3.2	Guinea-Bissau	49	-35.9	-2.3
Sierra Leone	50	-111.6	-7.9	Palestine	50	-79.5	-11.8	Palestine	50	-98.8	-6.3

(*) Normalized

30

Table 3. Ranking of IDB Member Countries According to Economic Performance

1995-1998				1999-2003				1995-2003			
Country	**Rank**	**N(*)**	**STD**	**Country**	**Rank**	**N(*)**	**STD**	**Country**	**Rank**	**N(*)**	**STD**
Malaysia	1	100.0	1.82	Malaysia	1	100.0	1.64	Malaysia	1	100.0	1.82
Turkmenistan	2	57.9	1.06	Maldives	2	56.1	0.92	Maldives	2	56.2	1.02
Maldives	3	53.9	0.98	Jordan	3	40.9	0.67	Turkmenistan	3	49.2	0.89
Jordan	4	37.7	0.69	Tunisia	4	40.1	0.66	Jordan	4	39.7	0.72
Tajikistan	5	32.6	0.59	Turkmenistan	5	39.5	0.65	Tunisia	5	37.0	0.67
Tunisia	6	32.6	0.59	Azerbaijan	6	38.6	0.63	Syria	6	28.9	0.53
Lebanon	7	25.2	0.46	Syria	7	31.5	0.52	Tajikistan	7	25.0	0.45
Syria	8	25.0	0.46	Morocco	8	24.2	0.40	Indonesia	8	22.5	0.41
Indonesia	9	23.2	0.42	Indonesia	9	22.1	0.36	Morocco	9	17.7	0.32
Bahrain	10	14.4	0.26	Tajikistan	10	21.9	0.36	Albania	10	15.6	0.28
Egypt	11	13.9	0.25	Mozambique	11	21.7	0.36	Azerbaijan	11	15.5	0.28
Uzbekistan	12	13.7	0.25	Albania	12	21.4	0.35	Bangladesh	12	14.2	0.26
Palestine	13	10.8	0.20	Chad	13	20.2	0.33	Egypt	13	13.6	0.25
Morocco	14	10.4	0.19	Mauritania	14	17.0	0.28	Mauritania	14	11.6	0.21
Albania	15	10.0	0.18	Senegal	15	15.7	0.26	Bahrain	15	10.9	0.20
Bangladesh	16	9.8	0.18	Bangladesh	16	15.6	0.26	Senegal	16	9.9	0.18
Gambia	17	8.0	0.15	Togo	17	13.9	0.23	Togo	17	9.0	0.16
Azerbaijan	18	7.4	0.14	Egypt	18	13.3	0.22	Mozambique	18	6.8	0.12
Togo	19	3.3	0.06	Bahrain	19	10.3	0.17	Uzbekistan	19	5.4	0.10
Senegal	20	3.3	0.06	Oman	20	5.2	0.09	Gambia	20	3.6	0.07
Kyrgyz Rep.	21	3.0	0.06	Qatar	21	0.5	0.01	Oman	21	3.6	0.07
Mauritania	22	2.4	0.04	Djibouti	22	0.3	0.01	Qatar	22	0.8	0.01
Oman	23	-0.2	0.00	Kazakhstan	23	-0.4	-0.01	Chad	23	-0.2	0.00
Qatar	24	-0.6	-0.01	Uganda	24	-0.6	-0.01	Djibouti	24	-0.4	-0.01
Djibouti	25	-1.2	-0.02	Gabon	25	-0.7	-0.01	Gabon	25	-0.8	-0.02
Kazakhstan	26	-1.3	-0.02	Gambia	26	-2.3	-0.04	Lebanon	26	-2.1	-0.04
Yemen	27	-1.4	-0.03	Cote d'Ivoire	27	-3.6	-0.06	Algeria	27	-3.8	-0.07
Cote d'Ivoire	28	-2.4	-0.04	Uzbekistan	28	-4.0	-0.06	Cote d'Ivoire	28	-3.9	-0.07
Algeria	29	-4.3	-0.08	Algeria	29	-5.0	-0.08	Kazakhstan	29	-6.2	-0.11
Burkina Faso	30	-5.2	-0.09	Pakistan	30	-5.0	-0.08	Pakistan	30	-7.0	-0.13
Gabon	31	-5.4	-0.10	Cameroon	31	-7.2	-0.12	Burkina Faso	31	-7.2	-0.13
Kuwait	32	-7.1	-0.13	Mali	32	-11.6	-0.19	Cameroon	32	-7.3	-0.13
Cameroon	33	-7.5	-0.14	Burkina Faso	33	-11.7	-0.19	Kyrgyz Rep.	33	-7.6	-0.14
Benin	34	-7.6	-0.14	Kuwait	34	-12.7	-0.21	Palestine	34	-8.3	-0.15
Pakistan	35	-7.8	-0.14	Benin	35	-12.9	-0.21	Benin	35	-9.5	-0.17
Turkey	36	-9.7	-0.18	Sudan	36	-13.3	-0.22	Kuwait	36	-10.3	-0.19
Saudi Arabia	37	-12.7	-0.23	Saudi Arabia	37	-14.2	-0.23	Uganda	37	-10.3	-0.19
Mali	38	-12.8	-0.23	Iran	38	-16.2	-0.27	Mali	38	-10.6	-0.19
Mozambique	39	-13.2	-0.24	Kyrgyz Rep.	39	-17.0	-0.28	Yemen	39	-12.8	-0.23
Sudan	40	-23.1	-0.42	Libya	40	-19.4	-0.32	Saudi Arabia	40	-12.8	-0.23
Libya	41	-24.0	-0.44	Guinea-	41	-20.6	-0.34	Sudan	41	-20.5	-0.37
Uganda	42	-24.6	-0.45	Lebanon	42	-23.1	-0.38	Iran	42	-21.1	-0.38
Niger	43	-25.5	-0.46	Niger	43	-24.1	-0.40	Libya	43	-22.7	-0.41
Chad	44	-26.3	-0.48	Yemen	44	-25.7	-0.42	Niger	44	-25.3	-0.46
Guinea	45	-30.4	-0.55	Palestine	45	-27.7	-0.46	Guinea	45	-28.8	-0.52
Suriname	46	-32.3	-0.59	Guinea	46	-28.6	-0.47	Turkey	46	-29.9	-0.54
Iran	47	-32.6	-0.59	Nigeria	47	-32.9	-0.54	Guinea-	47	-33.6	-0.61
Comoros	48	-32.6	-0.59	Turkey	48	-47.1	-0.77	Nigeria	48	-34.3	-0.62
Nigeria	49	-37.8	-0.69	Comoros	49	-51.1	-0.84	Suriname	49	-401	-0.73
Guinea-	50	-42.4	-0.77	Suriname	50	-53.2	-0.87	Comoros	50	-42.5	-0.77
Sierra-Leone	51	-66..5	-1.21	Sierra-Leone	51	-79.6	-1.31	Sierra-Leone	51	-77.2	-1.40

(*) Normalized

Table 4. Ranking of IDB Member Countries According to the Manufacturing Value Added as a Percentage of GDP, 1995-2004

1995-1999				2000-2004				1995-2004			
Country	Rank	N(*)	Value	Country	Rank	N(*)	Value	Country	Rank	N(*)	Value
Malaysia	1	100.0	28.5	Malaysia	1	100.0	30.9	Malaysia	1	100.	29.7
Indonesia	2	89.6	25.5	Syria	2	82.7	25.5	Indonesia	2	85.2	25.3
Turkmenistan	3	84.4	24.0	Indonesia	3	81.2	25.1	Syria	3	80.1	23.8
Azerbaijan	4	83.3	23.7	Tajikistan	4	68.2	21.0	Azerbaijan	4	72.5	21.5
Syria	5	77.2	22.0	Azerbaijan	5	62.6	19.3	Tajikistan	5	70.8	21.0
Tajikistan	6	73.6	21.0	Egypt	6	61.5	19.0	Turkmenistan	6	66.4	19.7
Tunisia	7	64.8	18.4	Tunisia	7	58.9	18.2	Egypt	7	62.8	18.6
Egypt	8	64.3	18.3	Morocco	8	54.7	16.9	Tunisia	8	61.7	18.3
Morocco	9	61.4	17.5	Kazakhstan	9	53.6	16.5	Morocco	9	57.9	17.2
Turkey	10	61.3	17.5	Pakistan	10	52.1	16.1	Turkey	10	55.0	16.3
Palestine	11	57.7	16.4	Bangladesh	11	50.9	15.7	Pakistan	11	53.9	16.0
Pakistan	12	55.9	15.9	Jordan	12	50.4	15.6	Bangladesh	12	52.8	15.7
Cote d'Ivoire	13	55.7	15.8	Turkmenistan	13	49.7	15.3	Kazakhstan	13	51.3	15.2
Bangladesh	14	54.8	15.6	Turkey	14	49.2	15.2	Jordan	14	51.2	15.2
Jordan	15	52.1	14.8	Mozambique	15	46.6	14.4	Palestine	15	48.8	14.5
Iran	16	48.7	13.9	Senegal	16	42.3	13.0	Cote d'Ivoire	16	47.9	14.2
Kazakhstan	17	48.7	13.9	Iran	17	41.5	12.8	Iran	17	44.9	13.3
Senegal	18	45.6	13.0	Cote d'Ivoire	18	40.8	12.6	Senegal	18	43.9	13.0
Albania	19	42.9	12.2	Palestine	19	40.6	12.5	Mozambique	19	43.0	12.7
Chad	20	42.2	12.0	Burkina Faso	20	39.7	12.3	Burkina Faso	20	40.8	12.1
Burkina Faso	21	42.0	11.9	Chad	21	37.6	11.6	Chad	21	39.8	11.8
Uzbekistan	22	40.4	11.5	Albania	22	34.1	10.5	Albania	22	38.3	11.4
Mozambique	23	39.1	11.1	Saudi Arabia	23	32.6	10.1	Uzbekistan	23	34.8	10.3
Lebanon	24	37.6	10.7	Guinea-Bissau	24	31.8	9.8	Lebanon	24	34.5	10.2
Suriname	25	37.5	10.7	Lebanon	25	31.7	9.8	Saudi Arabia	25	34.0	10.1
Yemen	26	37.4	10.6	Uganda	26	31.0	9.6	Cameroon	26	33.7	10.0
Cameroon	27	37.0	10.5	Cameroon	27	30.6	9.4	Mauritania	27	32.7	9.7
Mauritania	28	36.6	10.4	Uzbekistan	28	29.6	9.1	Guinea-Bissau	28	32.0	9.5
Saudi Arabia	29	35.5	10.1	Sudan	29	29.3	9.1	Uganda	29	30.4	9.0
Algeria	30	35.4	10.1	Togo	30	29.2	9.0	Algeria	30	30.0	8.9
Guinea-Bissau	31	32.3	9.2	Mauritania	31	29.0	9.0	Benin	31	29.6	8.8
Benin	32	30.4	8.6	Benin	32	29.0	8.9	Suriname	32	29.3	8.7
Uganda	33	29.7	8.5	Kyrgyz Rep.	33	29.0	8.9	Kyrgyz Rep.	33	29.2	8.7
Kyrgyz Rep.	34	29.5	8.4	Algeria	34	25.1	7.7	Togo	34	29.0	8.6
Togo	35	28.7	8.2	Suriname	35	24.9	7.7	Sudan	35	27.7	8.2
Sudan	36	26.0	7.4	Niger	36	21.5	6.6	Yemen	36	26.7	7.9
Sierra Leone	37	23.7	6.7	Gambia	37	17.4	5.4	Niger	37	22.0	6.5
Niger	38	22.6	6.4	Yemen	38	16.9	5.2	Sierra Leone	38	19.9	5.9
Gambia	39	21.2	6.0	Sierra Leone	39	16.5	5.1	Gambia	39	19.3	5.7
Mali	40	19.8	5.6	Gabon	40	15.6	4.8	Gabon	40	16.3	4.8
Nigeria	41	17.8	5.1	Nigeria	41	13.7	4.2	Nigeria	41	15.7	4.7
Gabon	42	17.0	4.8	Comoros	42	13.6	4.2	Mali	42	15.4	4.6
Guinea	43	16.2	4.6	Guinea	43	13.2	4.1	Guinea	43	14.6	4.3
Comoros	44	14.8	4.2	Mali	44	11.3	3.5	Comoros	44	14.2	4.2
Djibouti	45	9.8	2.8	Djibouti	45	9.0	2.8	Djibouti	45	9.4	2.8

(*) Normalized

**Table 5. Ranking of IDB Member Countries According to the
Degree of Openness of the Economy**

	1995-1999				2000-2004				1995-2004		
Country	Rank	N(*)	Value	Country	Rank	N(*)	Value	Country	Rank	N(*)	Value
Malaysia	1	100.0	197.3	Malaysia	1	100.	216.3	Malaysia	1	100.0	206.
Maldives	2	85.4	168.6	Maldives	2	74.1	160.3	Maldives	2	79.5	164.
Bahrain	3	74.5	147.1	Bahrain	3	68.1	147.2	Bahrain	3	71.2	147.
U.A.E	4	73.3	144.7	Turkmenistan	4	65.4	141.5	U.A.E	4	68.4	141.
Tajikistan	5	70.3	138.7	U.A.E	5	63.9	138.1	Turkmenistan	5	67.1	138.
Turkmenistan	6	68.8	135.8	Tajikistan	6	63.1	136.6	Tajikistan	6	66.6	137.
Jordan	7	59.8	118.1	Jordan	7	52.7	114.1	Jordan	7	56.1	116.
Gambia	8	54.2	106.9	Kazakhstan	8	44.8	96.9	Gambia	8	48.4	100.
Mauritania	9	46.6	91.9	Azerbaijan	9	44.4	96.0	Gabon	9	45.1	93.2
Kuwait	10	46.5	91.7	Gabon	10	44.1	95.3	Tunisia	10	44.2	91.4
Gabon	11	46.1	91.1	Oman	11	43.5	94.0	Kuwait	11	44.1	91.1
Tunisia	12	45.2	89.2	Tunisia	12	43.3	93.7	Mauritania	12	43.8	90.6
Palestine	13	44.9	88.7	Gambia	13	43.1	93.2	Oman	13	43.6	90.2
Kyrgyz Rep.	14	44.3	87.5	Kuwait	14	41.9	90.6	Azerbaijan	14	42.6	88.2
Oman	15	43.8	86.3	Mauritania	15	41.3	89.2	Kyrgyz Rep.	15	41.7	86.3
Yemen	16	43.4	85.6	Nigeria	16	40.0	86.6	Kazakhstan	16	41.5	85.8
Azerbaijan	17	40.7	80.4	Kyrgyz Rep.	17	39.3	85.1	Nigeria	17	40.0	82.7
Nigeria	18	40.0	78.9	Guinea-Bissau	18	38.5	83.3	Yemen	18	37.8	78.1
Kazakhstan	19	37.9	74.8	Togo	19	38.0	82.3	Togo	19	37.4	77.3
Cote d'Ivoire	20	37.4	73.8	Cote d'Ivoire	20	36.9	79.8	Cote d'Ivoire	20	37.1	76.8
Togo	21	36.7	72.4	Suriname	21	34.7	75.1	Palestine	21	36.5	75.5
Senegal	22	34.6	68.2	Chad	22	33.3	72.0	Senegal	22	33.5	69.2
Syria	23	33.5	66.2	Yemen	23	32.7	70.7	Guinea-Bissau	23	33.1	68.4
Indonesia	24	32.6	64.3	Senegal	24	32.5	70.3	Suriname	24	33.1	68.4
Lebanon	25	31.8	62.8	Mozambique	25	32.5	70.2	Syria	25	32.2	66.6
Saudi Arabia	26	31.7	62.5	Morocco	26	32.4	70.0	Saudi Arabia	26	31.8	65.8
Suriname	27	31.3	61.8	Mali	27	32.2	69.6	Morocco	27	31.5	65.1
Morocco	28	30.5	60.3	Saudi Arabia	28	31.9	69.0	Mali	28	31.4	64.9
Mali	29	30.5	60.1	Syria	29	31.0	67.0	Indonesia	29	30.5	63.0
Comoros	30	28.3	55.8	Algeria	30	28.9	62.4	Chad	30	29.5	60.9
Guinea-	31	27.2	53.6	Palestine	31	28.8	62.4	Mozambique	31	28.6	59.2
Algeria	32	26.3	51.8	Libya	32	28.8	62.3	Lebanon	32	28.6	59.0
Uzbekistan	33	26.0	51.4	Indonesia	33	28.6	61.8	Algeria	33	27.6	57.1
Turkey	34	25.4	50.1	Albania	34	28.2	61.0	Uzbekistan	34	27.1	56.0
Chad	35	25.3	49.9	Uzbekistan	35	28.0	60.7	Turkey	35	26.7	55.3
Mozambique	36	24.4	48.1	Turkey	36	27.9	60.4	Libya	36	26.4	54.5
Cameroon	37	24.1	47.5	Sierra Leone	37	26.5	57.2	Albania	37	26.1	53.9
Albania	38	23.8	46.9	Cameroon	38	25.6	55.4	Cameroon	38	24.9	51.5
Libya	39	23.7	46.8	Lebanon	39	25.6	55.3	Comoros	39	24.7	51.0
Benin	40	23.6	46.6	Guinea	40	23.2	50.3	Sierra Leone	40	23.7	48.9
Guinea	41	23.0	45.4	Iran	41	22.1	47.8	Guinea	41	23.1	47.8
Egypt	42	22.3	44.0	Comoros	42	21.4	46.3	Egypt	42	21.4	44.2
Niger	43	20.7	40.9	Egypt	43	20.6	44.4	Benin	43	21.3	44.1
Sierra Leone	44	20.6	40.7	Benin	44	19.3	41.7	Iran	44	20.4	42.3
Burkina Faso	45	19.1	37.8	Niger	45	19.2	41.5	Niger	45	19.9	41.2
Iran	46	18.6	36.7	Uganda	46	17.5	37.9	Uganda	46	17.3	35.8
Pakistan	47	18.0	35.5	Bangladesh	47	16.2	35.0	Burkina Faso	47	16.9	34.9
Uganda	48	17.1	33.7	Sudan	48	15.8	34.2	Pakistan	48	16.0	33.2
Bangladesh	49	15.5	30.5	Burkina Faso	49	14.8	32.1	Bangladesh	49	15.9	32.8
Sudan	50	12.6	24.8	Pakistan	50	14.2	30.8	Sudan	50	14.3	29.5

33

Table 6. Ranking of IDB Member Countries According to the
Institutional Environment, 1994-2003

1994-1998			1999-2003			1994-2003		
Country	**Rank**	**STD**	**Country**	**Rank**	**STD**	**Country**	**Rank**	**STD**
Malaysia	1	1.16	Morocco	1	1.00	Jordan	1	1.03
Brunei	2	1.10	Gambia	2	0.87	Brunei	2	1.03
Jordan	3	1.07	Jordan	3	0.78	Malaysia	3	0.98
Iran	4	0.96	Brunei	4	0.74	Morocco	4	0.87
Kazakhstan	5	0.87	Tunisia	5	0.66	Iran	5	0.83
Kuwait	6	0.69	Qatar	6	0.66	Gambia	6	0.72
Morocco	7	0.64	Oman	7	0.57	Kuwait	7	0.64
Syria	8	0.58	Malaysia	8	0.55	Oman	8	0.58
Turkey	9	0.58	Bahrain	9	0.52	Tunisia	9	0.55
Oman	10	0.53	Iran	10	0.50	Bahrain	10	0.53
Gambia	11	0.52	Kuwait	11	0.46	Syria	11	0.48
Bahrain	12	0.49	U.A.E	12	0.39	Qatar	12	0.43
Tunisia	13	0.39	Kazakhstan	13	0.36	Turkey	13	0.39
Yemen	14	0.33	Suriname	14	0.34	Kazakhstan	14	0.38
Libya	15	0.26	Guinea	15	0.32	Lebanon	15	0.26
Egypt	16	0.25	Senegal	16	0.31	Senegal	16	0.26
Pakistan	17	0.24	Syria	17	0.26	Egypt	17	0.25
Senegal	18	0.21	Lebanon	18	0.26	U.A.E	18	0.24
Qatar	19	0.20	Egypt	19	0.19	Yemen	19	0.20
Azerbaijan	20	0.19	Burkina Faso	20	0.19	Libya	20	0.17
Indonesia	21	0.15	Turkey	21	0.09	Suriname	21	0.17
Lebanon	22	0.14	Libya	22	0.07	Guinea	22	0.08
Albania	23	0.10	Uganda	23	0.04	Albania	23	0.04
U.A.E	24	0.05	Yemen	24	-0.01	Pakistan	24	0.04
Saudi Arabia	25	0.01	Bangladesh	25	-0.04	Indonesia	25	0.00
Cote d'Ivoire	26	0.01	Saudi Arabia	26	-0.04	Saudi Arabia	26	0.00
Mozambique	27	-0.05	Albania	27	-0.10	Burkina Faso	27	-0.02
Suriname	28	-0.06	Gabon	28	-0.11	Uganda	28	-0.03
Cameroon	29	-0.08	Azerbaijan	29	-0.15	Azerbaijan	29	-0.10
Guinea	30	-0.11	Mozambique	30	-0.17	Mozambique	30	-0.11
Uganda	31	-0.13	Pakistan	31	-0.23	Bangladesh	31	-0.17
Algeria	32	-0.13	Cameroon	32	-0.28	Cote d'Ivoire	32	-0.19
Burkina Faso	33	-0.22	Indonesia	33	-0.31	Cameroon	33	-0.20
Gabon	34	-0.25	Cote d'Ivoire	34	-0.33	Gabon	34	-0.22
Bangladesh	35	-0.29	Algeria	35	-0.38	Algeria	35	-0.22
Nigeria	36	-0.57	Mali	36	-0.40	Mali	36	-0.55
Mali	37	-0.63	Niger	37	-0.51	Nigeria	37	-0.69
Togo	38	-0.72	Togo	38	-0.53	Togo	38	-0.70
Niger	39	-0.93	Sierra Leone	39	-0.55	Niger	39	-0.76
Sierra Leone	40	-1.19	Sudan	40	-0.64	Sierra Leone	40	-1.01
Sudan	41	-1.22	Nigeria	41	-0.84	Sudan	41	-1.01
Iraq	42	-1.42	Guinea-Bissau	42	-1.00	Guinea-Bissau	42	-1.33
Guinea-Bissau	43	-1.45	Iraq	43	-1.37	Iraq	43	-1.50
Somalia	44	-2.27	Somalia	44	-2.14	Somalia	44	-2.35

**Table 7. Ranking of IDB Member Countries According to the
Presence of an Effective Law and Order, 1994-2003**

1994-1998				1999-2003				1994-2003			
Country	Rank	N(*)	STD	Country	Rank	N(*)	STD	Country	Rank	N(*)	STD
Qatar	1	100.0	5.90	Brunei	1	100.0	6.00	Morocco	1	100.0	5.88
Morocco	2	98.0	5.78	Morocco	2	100.0	6.00	Qatar	2	99.8	5.87
Brunei	3	97.5	5.75	Qatar	3	97.3	5.84	Brunei	3	99.7	5.86
Kuwait	4	91.2	5.38	Bahrain	4	83.3	5.00	Kuwait	4	88.6	5.21
Bahrain	5	88.1	5.20	Kuwait	5	83.3	5.00	Bahrain	5	86.9	5.11
Saudi Arabia	6	86.4	5.10	Oman	6	83.3	5.00	Saudi Arabia	6	85.9	5.05
Azerbaijan	7	84.7	5.00	Saudi Arabia	7	83.3	5.00	Oman	7	84.5	4.97
Iran	8	84.7	5.00	Syria	8	83.3	5.00	Tunisia	8	82.2	4.84
Malaysia	9	84.5	4.98	Tunisia	9	83.3	5.00	Syria	9	82.2	4.84
Oman	10	83.9	4.95	Gambia	10	81.0	4.86	Iran	10	81.6	4.80
Gambia	11	80.5	4.75	Iran	11	76.0	4.56	Gambia	11	81.6	4.80
Syria	12	79.7	4.70	Azerbaijan	12	67.0	4.02	Jordan	12	73.0	4.29
Tunisia	13	79.7	4.70	Egypt	13	66.7	4.00	Libya	13	71.3	4.19
Jordan	14	76.8	4.53	Jordan	14	66.7	4.00	Malaysia	14	70.0	4.12
Libya	15	73.7	4.35	Kazakhstan	15	66.7	4.00	Azerbaijan	15	68.7	4.04
Turkey	16	70.9	4.18	Lebanon	16	66.7	4.00	Turkey	16	68.3	4.02
Burkina Faso	17	67.8	4.00	Libya	17	66.7	4.00	Uganda	17	68.0	4.00
Kazakhstan	18	67.8	4.00	Uganda	18	66.7	4.00	U.A.E	18	68.0	4.00
Lebanon	19	67.8	4.00	U.A.E	19	66.7	4.00	Lebanon	19	68.0	4.00
Uganda	20	67.8	4.00	Burkina Faso	20	64.7	3.88	Kazakhstan	20	68.0	4.00
U.A.E	21	67.8	4.00	Turkey	21	63.7	3.82	Egypt	21	67.9	3.99
Egypt	22	67.5	3.98	Malaysia	22	51.3	3.08	Burkina Faso	22	67.1	3.95
Indonesia	23	67.5	3.98	Gabon	23	50.0	3.00	Pakistan	23	53.6	3.15
Albania	24	65.0	3.83	Mali	24	50.0	3.00	Indonesia	24	52.4	3.08
Yemen	25	58.8	3.47	Mozambique	25	50.0	3.00	Albania	25	51.8	3.05
Pakistan	26	55.6	3.28	Pakistan	26	50.0	3.00	Mali	26	51.0	3.00
Bangladesh	27	51.7	3.05	Senegal	27	50.0	3.00	Gabon	27	51.0	3.00
Cote d'Ivoire	28	50.8	3.00	Sierra Leone	28	50.0	3.00	Guinea	28	50.0	2.94
Gabon	29	50.8	3.00	Suriname	29	50.0	3.00	Togo	29	49.9	2.94
Guinea	30	50.8	3.00	Togo	30	50.0	3.00	Suriname	30	49.9	2.94
Mali	31	50.8	3.00	Guinea	31	47.8	2.87	Cote d'Ivoire	31	49.6	2.92
Nigeria	32	50.8	3.00	Cote d'Ivoire	32	47.0	2.82	Mozambique	32	48.5	2.85
Cameroon	33	49.2	2.90	Nigeria	33	41.3	2.48	Senegal	33	48.5	2.85
Suriname	34	48.9	2.88	Cameroon	34	38.3	2.30	Yemen	34	47.6	2.80
Togo	35	48.9	2.88	Sudan	35	35.7	2.14	Nigeria	35	47.0	2.76
Algeria	36	47.7	2.82	Bangladesh	36	35.3	2.12	Cameroon	36	44.7	2.63
Mozambique	37	46.3	2.73	Albania	37	35.0	2.10	Bangladesh	37	44.7	2.63
Senegal	38	46.3	2.73	Algeria	38	33.3	2.00	Sierra Leone	38	43.6	2.56
Sierra Leone	39	37.3	2.20	Indonesia	39	33.3	2.00	Algeria	39	41.6	2.45
Iraq	40	33.9	2.00	Iraq	40	33.3	2.00	Sudan	40	35.1	2.06
Niger	41	33.9	2.00	Niger	41	33.3	2.00	Niger	41	34.0	2.00
Sudan	42	33.9	2.00	Somalia	42	33.3	2.00	Iraq	42	34.0	2.00
Somalia	43	29.1	1.72	Yemen	43	33.3	2.00	Somalia	43	31.4	1.85
Guinea-Bissau	44	16.9	1.00	Guinea-Bissau	44	16.7	1.00	Guinea-Bissau	44	17.0	1.00

(*) Normalized

**Table 8. Ranking of IDB Member Countries According to the
Bureaucracy Quality, 1994-2003**

1994-1998				1999-2003				1994-2003			
Country	Rank	N(*)	STD	Country	Rank	N(*)	STD	Country	Rank	N(*)	STD
Brunei	1	100.0	3.36	Brunei	1	100.0	3.00	Brunei	1	100.0	3.20
Cote d'Ivoire	2	80.9	2.72	Malaysia	2	100.0	3.00	Malaysia	2	87.1	2.78
Gabon	3	80.9	2.72	U.A.E	3	100.0	3.00	U.A.E	3	81.7	2.61
Oman	4	80.9	2.72	Indonesia	4	84.0	2.52	Turkey	4	74.8	2.39
Turkey	5	80.9	2.72	Algeria	5	66.7	2.00	Oman	5	74.8	2.39
Iran	6	77.9	2.62	Bahrain	6	66.7	2.00	Gabon	6	74.8	2.39
Jordan	7	77.9	2.62	Bangladesh	7	66.7	2.00	Jordan	7	73.1	2.34
Malaysia	8	77.4	2.60	Egypt	8	66.7	2.00	Iran	8	73.1	2.34
Cameroon	9	72.5	2.43	Gabon	9	66.7	2.00	Indonesia	9	70.0	2.24
Bahrain	10	71.0	2.38	Gambia	10	66.7	2.00	Bahrain	10	69.1	2.21
U.A.E	11	68.0	2.28	Guinea	11	66.7	2.00	Tunisia	11	62.6	2.00
Egypt	12	59.6	2.00	Iran	12	66.7	2.00	Saudi Arabia	12	62.6	2.00
Gambia	13	59.6	2.00	Jordan	13	66.7	2.00	Qatar	13	62.6	2.00
Indonesia	14	59.6	2.00	Kazakhstan	14	66.7	2.00	Pakistan	14	62.6	2.00
Kazakhstan	15	59.6	2.00	Kuwait	15	66.7	2.00	Morocco	15	62.6	2.00
Kuwait	16	59.6	2.00	Lebanon	16	66.7	2.00	Kuwait	16	62.6	2.00
Morocco	17	59.6	2.00	Morocco	17	66.7	2.00	Kazakhstan	17	62.6	2.00
Pakistan	18	59.6	2.00	Oman	18	66.7	2.00	Gambia	18	62.6	2.00
Qatar	19	59.6	2.00	Pakistan	19	66.7	2.00	Egypt	19	62.6	2.00
Saudi Arabia	20	59.6	2.00	Qatar	20	66.7	2.00	Cameroon	20	55.8	1.78
Tunisia	21	59.6	2.00	Saudi Arabia	21	66.7	2.00	Cote d'Ivoire	21	53.8	1.72
Libya	22	51.1	1.72	Suriname	22	66.7	2.00	Uganda	22	50.4	1.61
Senegal	23	51.1	1.72	Tunisia	23	66.7	2.00	Suriname	23	50.4	1.61
Syria	24	51.1	1.72	Turkey	24	66.7	2.00	Lebanon	24	50.4	1.61
Yemen	25	51.1	1.72	Uganda	25	66.7	2.00	Guinea	25	50.4	1.61
Mozambique	26	42.7	1.43	Albania	26	38.7	1.16	Bangladesh	26	50.4	1.61
Nigeria	27	42.7	1.43	Azerbaijan	27	33.3	1.00	Algeria	27	50.4	1.61
Algeria	28	38.2	1.28	Burkina Faso	28	33.3	1.00	Yemen	28	43.5	1.39
Bangladesh	29	38.2	1.28	Cameroon	29	33.3	1.00	Syria	29	43.5	1.39
Guinea	30	38.2	1.28	GuineaBissau	30	33.3	1.00	Senegal	30	43.5	1.39
Lebanon	31	38.2	1.28	Libya	31	33.3	1.00	Libya	31	43.5	1.39
Suriname	32	38.2	1.28	Niger	32	33.3	1.00	Nigeria	32	37.0	1.18
Uganda	33	38.2	1.28	Senegal	33	33.3	1.00	Albania	33	33.6	1.07
Albania	34	29.8	1.00	Sudan	34	33.3	1.00	Sudan	34	31.3	1.00
Azerbaijan	35	29.8	1.00	Syria	35	33.3	1.00	Niger	35	31.3	1.00
Burkina Faso	36	29.8	1.00	Yemen	36	33.3	1.00	Guinea-Bissau	36	31.3	1.00
Guinea-Bissau	37	29.8	1.00	Nigeria	37	29.3	0.88	Burkina Faso	37	31.3	1.00
Niger	38	29.8	1.00	Cote d'Ivoire	38	17.3	0.52	Azerbaijan	38	31.3	1.00
Sudan	39	29.8	1.00	Mozambique	39	6.7	0.20	Mozambique	39	27.3	0.87
Togo	40	21.3	0.72	Iraq	40	0.0	0.00	Togo	40	12.2	0.39
Iraq	41	16.9	0.57	Mali	41	0.0	0.00	Iraq	41	9.7	0.31
Sierra Leone	42	6.0	0.20	Sierra Leone	42	0.0	0.00	Sierra Leone	42	3.4	0.11
Mali	43	0.0	0.00	Somalia	43	0.0	0.00	Somalia	43	0.0	0.00
Somalia	44	0.0	0.00	Togo	44	0.0	0.00	Mali	44	0.0	0.00

(*) Normalized

**Table 9. Ranking of IDB Member Countries According to the
Human Resources Index, 1998-2002**

Country	Rank	N(*)	STD		Country	Rank	N(*)	STD
Lebanon	1	100.0	1.79		Cote d'Ivoire	29	-2.7	-0.05
Jordan	2	81.6	1.46		Turkmenistan	30	-5.7	-0.10
Libya	3	64.9	1.16		Sudan	31	-6.4	-0.11
Kyrgyz Republic	4	44.4	0.80		Indonesia	32	-6.9	-0.12
Egypt	5	44.4	0.80		Guinea	33	-9.8	-0.17
Uzbekistan	6	37.7	0.68		Benin	34	-11.7	-0.21
Suriname	7	30.7	0.55		Gabon	35	-15.8	-0.28
Iran	8	27.7	0.50		Somalia	36	-17.4	-0.31
Algeria	9	27.1	0.49		Oman	37	-17.5	-0.31
Bahrain	10	26.7	0.48		Chad	38	-17.7	-0.32
Turkey	11	26.6	0.48		Djibouti	39	-18.2	-0.33
Tajikistan	12	23.6	0.42		Afghanistan	40	-20.2	-0.36
Albania	13	22.0	0.39		Guinea-Bissau	41	-23.8	-0.43
Togo	14	19.3	0.35		Niger	42	-23.9	-0.43
Kazakhstan	15	19.0	0.34		Syria	43	-31.4	-0.56
Saudi Arabia	16	17.3	0.31		Iraq	44	-32.0	-0.57
Qatar	17	17.1	0.31		Comoros	45	-32.1	-0.57
Tunisia	18	14.6	0.26		Mali	46	-32.1	-0.58
Malaysia	19	13.1	0.23		Sierra Leone	47	-35.1	-0.63
Azerbaijan	20	10.8	0.19		Burkina Faso	48	-36.6	-0.66
Gambia	21	10.1	0.18		Cameroon	49	-37.0	-0.66
Nigeria	22	8.9	0.16		Mozambique	50	-41.9	-0.75
UAE	23	4.2	0.08		Bangladesh	51	-42.6	-0.76
Brunei	24	4.1	0.07		Senegal	52	-43.5	-0.78
Morocco	25	3.8	0.07		Pakistan	53	-43.5	-0.78
Yemen	26	3.5	0.06		Uganda	54	-43.6	-0.78
Maldives	27	1.2	0.02		Mauritania	55	-55.0	-0.99
Kuwait	28	-0.2	0.00					

(*)Normalized

**Table 10. Ranking of IDB Member Countries According
to the Adult literacy Rate, 1993-2002**

1993-1997				1998-2002				1993-2002			
Country	Rank	N(*)	Value	Country	Rank	N(*)	Value	Country	Rank	N(*)	Value
Kazakhstan	1	100.0	99.14	Tajikistan	1	100.0	99.39	Kazakhstan	1	100.0	99.26
Uzbekistan	2	99.8	98.93	Kazakhstan	2	100.0	99.37	Tajikistan	2	99.8	99.08
Tajikistan	3	99.6	98.77	Uzbekistan	3	99.8	99.19	Uzbekistan	3	99.8	99.06
Maldives	4	96.7	95.90	Maldives	4	97.5	96.88	Maldives	4	97.1	96.39
Jordan	5	87.1	86.34	Albania	5	90.8	90.24	Jordan	5	88.7	88.05
Bahrain	6	85.7	84.96	Jordan	6	90.3	89.75	Malaysia	6	86.9	86.25
Malaysia	7	85.0	84.22	Malaysia	7	88.8	88.28	Bahrain	7	86.9	86.22
Indonesia	8	84.2	83.46	Bahrain	8	88.0	87.49	Albania	8	86.3	85.66
Turkey	9	82.5	81.76	Indonesia	9	87.3	86.73	Indonesia	9	85.7	85.10
Albania	10	81.8	81.09	Turkey	10	86.6	86.04	Turkey	10	84.5	83.90
Kuwait	11	79.8	79.08	Kuwait	11	82.3	81.83	Kuwait	11	81.1	80.45
Libya	12	75.0	74.32	Libya	12	80.3	79.80	Libya	12	77.6	77.06
U.A.E	13	74.1	73.44	U.A.E	13	76.6	76.15	U.A.E	13	75.4	74.80
Saudi Arabia	14	71.8	71.21	Saudi Arabia	14	76.6	76.11	Saudi Arabia	14	74.2	73.66
Iran	15	70.5	69.93	Iran	15	76.5	75.99	Iran	15	73.5	72.96
Syria	16	70.4	69.82	Syria	16	76.2	75.74	Syria	16	73.3	72.78
Cameroon	17	65.4	64.82	Oman	17	72.0	71.53	Tunisia	17	68.3	67.80
Tunisia	18	65.3	64.70	Tunisia	18	71.3	70.90	Oman	18	68.1	67.55
Oman	19	64.1	63.57	Cameroon	19	69.8	69.37	Cameroon	19	67.6	67.09
Uganda	20	62.3	61.75	Uganda	20	67.4	66.97	Uganda	20	64.8	64.36
Algeria	21	60.7	60.17	Algeria	21	67.0	66.60	Algeria	21	63.9	63.39
Nigeria	22	56.9	56.40	Nigeria	22	64.3	63.94	Nigeria	22	60.6	60.17
Comoros	23	55.3	54.83	Sudan	23	58.0	57.62	Comoros	23	55.7	55.33
Sudan	24	52.0	51.57	Togo	24	57.4	57.10	Sudan	24	55.0	54.60
Togo	25	51.0	50.60	Comoros	25	56.2	55.83	Togo	25	54.3	53.85
Morocco	26	44.3	43.93	Morocco	26	49.1	48.83	Morocco	26	46.7	46.38
Cote d'Ivoire	27	44.0	43.63	Cote d'Ivoire	27	49.1	48.78	Cote d'Ivoire	27	46.5	46.20
Yemen	28	40.4	40.07	Yemen	28	46.7	46.41	Yemen	28	43.6	43.24
Pakistan	29	39.7	39.31	Mozambique	29	44.3	44.07	Mozambique	29	41.6	41.29
Mozambique	30	38.8	38.51	Pakistan	30	43.3	43.07	Pakistan	30	41.5	41.19
Mauritania	31	37.9	37.61	Chad	31	42.9	42.60	Mauritania	31	39.2	38.92
Bangladesh	32	37.4	37.09	Mauritania	32	40.5	40.22	Chad	32	38.9	38.62
Chad	33	34.9	34.64	Bangladesh	33	40.2	39.99	Bangladesh	33	38.8	38.54
Senegal	34	33.1	32.82	Benin	34	37.7	37.42	Senegal	34	35.4	35.10
Benin	35	31.9	31.64	Senegal	35	37.6	37.39	Benin	35	34.8	34.53
Mali	36	22.3	22.08	Mali	36	21.4	21.31	Mali	36	21.9	21.70
Niger	37	13.7	13.56	Niger	37	16.1	16.00	Niger	37	14.9	14.78

(*)Normalized

Table 11. Ranking of IDB Member Countries According to the Total Health Expenditure as a Percentage of GDP, 1998-2002

Country	Rank	N(*)	Value	Country	Rank	N(*)	Value
Lebanon	1	100.0	11.9	Mali	29	36.9	4.4
Jordan	2	76.6	9.1	Saudi Arabia	30	36.9	4.4
Suriname	3	63.9	7.6	Burkina Faso	31	36.8	4.4
Gambia	4	59.2	7.0	Yemen	32	36.6	4.3
Togo	5	55.5	6.6	Niger	33	35.8	4.2
Uganda	6	55.3	6.6	Azerbaijan	34	34.9	4.1
Afghanistan	7	54.6	6.5	Turkmenista	35	34.2	4.1
Chad	8	53.3	6.3	Gabon	36	33.4	4.0
Cote d'Ivoire	9	52.6	6.2	Algeria	37	32.5	3.9
Djibouti	10	52.6	6.2	Kazakhstan	38	32.2	3.8
Turkey	11	51.9	6.2	Kuwait	39	31.7	3.8
Iran	12	49.7	5.9	Brunei	40	30.2	3.6
Uzbekistan	13	49.2	5.8	Sierra Leone	41	29.7	3.5
Tunisia	14	48.4	5.7	U.A.E	42	29.3	3.5
Guinea-Bi	15	47.4	5.6	Malaysia	43	28.7	3.4
Guinea	16	45.9	5.4	Oman	44	28.7	3.4
Syria	17	43.8	5.2	Tajikistan	45	28.7	3.4
Mozambique	18	42.2	5.0	Pakistan	46	28.3	3.4
Egypt	19	42.0	5.0	Libya	47	27.8	3.3
Nigeria	20	41.3	4.9	Qatar	48	27.5	3.3
Sudan	21	41.3	4.9	Albania	49	27.3	3.2
Kyrgyz Rep.	22	40.0	4.7	Bangladesh	50	26.6	3.2
Senegal	23	40.0	4.7	Mauritania	51	24.8	2.9
Maldives	24	39.8	4.7	Comoros	52	24.5	2.9
Cameroon	25	39.0	4.6	Indonesia	53	23.8	2.8
Benin	26	38.8	4.6	Somalia	54	22.3	2.7
Morocco	27	38.3	4.5	Iraq	55	13.5	1.6
Bahrain	28	37.8	4.5				

(*)Normalized

Table 12. Ranking of the IDB member Countries According to the Financial Environment

1994-1998				1999-2003				1994-2003			
Country	Rank	N(*)	STD	Country	Rank	N(*)	STD	Country	Rank	N(*)	STD
Malaysia	1	100.0	2.73	Malaysia	1	100.0	2.32	Malaysia	1	100.0	2.54
Kuwait	2	42.2	1.15	Bahrain	2	37.8	0.88	Kuwait	2	35.7	0.91
Bahrain	3	36.1	0.99	Lebanon	3	33.3	0.77	Bahrain	3	32.7	0.83
Jordan	4	26.5	0.72	Kuwait	4	31.8	0.74	Jordan	4	28.0	0.71
Indonesia	5	24.5	0.67	Jordan	5	30.2	0.70	Pakistan	5	24.2	0.61
Turkey	6	20.9	0.57	Pakistan	6	29.7	0.69	Lebanon	6	22.5	0.57
Saudi Arabia	7	16.3	0.45	Saudi Arabia	7	26.0	0.60	Saudi	7	22.0	0.56
Maldives	8	14.3	0.39	Egypt	8	16.7	0.39	Turkey	8	18.4	0.47
Lebanon	9	13.4	0.36	Morocco	9	16.5	0.38	Maldives	9	15.5	0.39
Djibouti	10	12.6	0.35	Maldives	10	16.1	0.37	Morocco	10	13.7	0.35
Morocco	11	11.7	0.32	Turkey	11	15.3	0.36	Indonesia	11	13.7	0.35
Egypt	12	11.1	0.30	Tunisia	12	11.4	0.26	Egypt	12	13.4	0.34
Libya	13	10.2	0.28	Algeria	13	10.4	0.24	Tunisia	13	11.3	0.29
Tunisia	14	9.9	0.27	Syria	14	8.1	0.19	Libya	14	8.3	0.21
U.A.E.	15	9.2	0.25	Iran	15	7.9	0.18	Djibouti	15	8.2	0.21
Qatar	16	7.8	0.21	Libya	16	6.6	0.15	Uzbekistan	16	7.7	0.19
Pakistan	17	6.9	0.19	Oman	17	5.3	0.12	Algeria	17	6.9	0.18
Gabon	18	6.7	0.18	Djibouti	18	3.6	0.08	Oman	18	5.3	0.13
Oman	19	6.1	0.17	Mauritania	19	3.2	0.07	Syria	19	5.2	0.13
Algeria	20	3.2	0.09	Gabon	20	3.0	0.07	Gabon	20	5.2	0.13
Syria	21	2.2	0.06	Indonesia	21	2.8	0.07	Iran	21	3.9	0.10
Tajikistan	22	2.0	0.05	Uzbekistan	22	2.6	0.06	U.A.E.	22	1.9	0.05
Iran	23	0.5	0.01	U.A.E.	23	1.4	0.03	Qatar	23	0.3	0.01
Uzbekistan	24	-1.6	-0.04	Qatar	24	-1.1	-0.02	Mauritania	24	0.2	0.01
Bangladesh	25	-4.2	-0.11	Tajikistan	25	-5.4	-0.13	Tajikistan	25	-1.7	-0.04
Yemen	26	-5.1	-0.14	Yemen	26	-7.2	-0.17	Yemen	26	-6.2	-0.16
Senegal	27	-7.5	-0.20	Mali	27	-7.9	-0.18	Bangladesh	27	-6.3	-0.16
Suriname	28	-7.8	-0.21	Bangladesh	28	-8.0	-0.19	Senegal	28	-8.9	-0.22
Cameroon	29	-8.1	-0.22	Gambia	29	-8.0	-0.19	Cameroon	29	-9.1	-0.23
Mauritania	30	-8.1	-0.22	Albania	30	-9.2	-0.21	Mali	30	-9.2	-0.23
Togo	31	-9.8	-0.27	Cameroon	31	-10.2	-0.24	Suriname	31	-10.0	-0.25
Mali	32	-10.3	-0.28	Senegal	32	-10.2	-0.24	Gambia	32	-10.0	-0.25
Cote d'Ivoire	33	-11.5	-0.31	Nigeria	33	-10.3	-0.24	Nigeria	33	-12.1	-0.31
Burkina Faso	34	-11.7	-0.32	Mozambique	34	-10.6	-0.25	Albania	34	-12.2	-0.31
Gambia	35	-11.7	-0.32	Suriname	35	-12.0	-0.28	Mozambique	35	-12.8	-0.33
Guinea	36	-12.0	-0.33	Kazakhstan	36	-12.6	-0.29	Cote	36	-13.2	-0.33
Turkmenistan	37	-12.5	-0.34	Sudan	37	-13.2	-0.31	Togo	37	-13.3	-0.34
Benin	38	-13.5	-0.37	Benin	38	-14.6	-0.34	Turkmenist	38	-13.6	-0.34
Nigeria	39	-14.4	-0.39	Turkmenista	39	-14.7	-0.34	Sudan	39	-14.0	-0.36
Kazakhstan	40	-14.5	-0.40	Cote	40	-15.1	-0.35	Burkina	40	-14.0	-0.36
Sudan	41	-14.8	-0.40	Burkina	41	-16.3	-0.38	Benin	41	-14.1	-0.36
Albania	42	-14.8	-0.40	Guinea	42	-16.8	-0.39	Guinea	42	-14.3	-0.36
Mozambique	43	-14.9	-0.41	Togo	43	-16.8	-0.39	Kazakhstan	43	-15.1	-0.38
Uganda	44	-16.4	-0.45	Azerbaijan	44	-18.7	-0.43	Guinea-Bissau	44	-18.0	-0.46
Guinea-Bissau	45	-16.8	-0.46	Guinea-Bissau	45	-19.2	-0.44	Comoros	45	-19.6	-0.50
Comoros	46	-18.9	-0.52	Chad	46	-20.0	-0.46	Chad	46	-19.8	-0.50
Chad	47	-19.4	-0.53	Comoros	47	-20.0	-0.46	Azerbaijan	47	-20.3	-0.51
Niger	48	-19.7	-0.54	Niger	48	-22.1	-0.51	Niger	48	-21.0	-0.53
Sierra-Leone	49	-20.3	-0.55	Kyrgyz Rep.	49	-22.3	-0.52	Palestine	49	-23.5	-0.60
Azerbaijan	50	-21.6	-0.59	Palestine	50	-23.3	-0.54	Uganda	50	-23.6	-0.60
Palestine	51	-24.3	-0.66	Uganda	51	-25.7	-0.59	Kyrgyz Rep.	51	-24.3	-0.62
Kyrgyz Rep.	52	-28.3	-0.77	Sierra-Leone	52	-28.2	-0.65	Sierra-Leone	52	-24.3	-0.62

(*)Normalized

Table 13. Ranking of IDB Member Countries According to the Credit Provided to Private Sector as a Percentage of GDP, 1994-2003

1994-1998				1999-2003				1994-2003			
Country	Rank	N(*)	Value	Country	Rank	N(*)	Value	Country	Rank	N(*)	Value
Malaysia	1	100.0	138.43	Malaysia	1	100.0	145.12	Malaysia	1	100.0	141.77
Jordan	2	53.3	73.77	Lebanon	2	59.9	86.94	Lebanon	2	53.4	75.64
Tunisia	3	47.7	66.01	Jordan	3	51.4	74.64	Jordan	3	52.3	74.21
Lebanon	4	46.5	64.34	Kuwait	4	47.0	68.14	Tunisia	4	46.9	66.49
Bahrain	5	42.6	59.00	Tunisia	5	46.2	66.98	Bahrain	5	42.1	59.63
Saudi Arabia	6	40.3	55.80	Egypt	6	41.7	60.47	Kuwait	6	41.5	58.90
Indonesia	7	39.7	55.00	Bahrain	7	41.5	60.26	Saudi Arabia	7	39.6	56.08
UAE	8	36.7	50.83	Saudi Arabia	8	38.8	56.36	UAE	8	36.3	51.46
Kuwait	9	35.9	49.66	Morocco	9	38.3	55.55	Egypt	9	36.2	51.39
Morocco	10	34.0	47.02	UAE	10	35.9	52.09	Morocco	10	36.2	51.29
Djibouti	11	33.0	45.74	Oman	11	27.7	40.15	Indonesia	11	27.1	38.48
Egypt	12	30.6	42.30	Iran	12	22.3	32.34	Oman	12	25.9	36.77
Qatar	13	24.6	34.11	Qatar	13	20.8	30.21	Djibouti	13	25.6	36.28
Oman	14	24.1	33.40	Mauritania	14	19.5	28.32	Qatar	14	22.7	32.16
Libya	15	19.9	27.49	Djibouti	15	18.5	26.81	Iran	15	20.0	28.39
Pakistan	16	19.7	27.21	Bangladesh	16	18.3	26.52	Mauritania	16	18.8	26.60
Mauritania	17	18.0	24.87	Pakistan	17	17.2	24.94	Pakistan	17	18.4	26.08
Iran	18	17.7	24.44	Libya	18	16.4	23.84	Libya	18	18.1	25.67
Turkey	19	15.4	21.33	Maldives	19	15.4	22.42	Bangladesh	19	16.7	23.74
Bangladesh	20	15.1	20.95	Indonesia	20	15.1	21.95	Turkey	20	14.4	20.46
Togo	21	13.4	18.56	Turkey	21	13.5	19.59	Maldives	21	13.3	18.83
Cote d'Ivoire	22	12.5	17.32	Senegal	22	13.3	19.28	Senegal	22	12.7	18.02
Senegal	23	12.1	16.76	Mali	23	12.4	17.95	Togo	23	11.7	16.64
Maldives	24	11.0	15.23	Kazakhstan	24	10.6	15.38	Cote d'Ivoire	24	11.3	15.99
Suriname	25	9.6	13.28	Nigeria	25	10.4	15.04	Mali	25	10.8	15.28
Comoros	26	9.2	12.68	Togo	26	10.2	14.73	Suriname	26	9.8	13.89
Mali	27	9.1	12.61	Cote d'Ivoire	27	10.1	14.67	Nigeria	27	9.1	12.93
Mozambique	28	8.7	12.03	Suriname	28	10.0	14.51	Kazakhstan	28	9.1	12.84
Nigeria	29	7.8	10.83	Gambia	29	9.5	13.84	Gambia	29	8.6	12.24
Gambia	30	7.7	10.64	Burkina Faso	30	8.5	12.37	Comoros	30	8.2	11.67
Kazakhstan	31	7.4	10.31	Benin	31	8.3	12.11	Burkina Faso	31	7.3	10.35
Syria	32	7.2	10.03	Gabon	32	7.5	10.85	Mozambique	32	7.3	10.30
Guinea-Bissau	33	6.8	9.41	Comoros	33	7.4	10.67	Benin	33	7.0	9.96
Cameroon	34	6.3	8.70	Cameroon	34	6.6	9.57	Syria	34	6.7	9.46
Burkina Faso	35	6.0	8.34	Syria	35	6.1	8.88	Gabon	35	6.7	9.44
Gabon	36	5.8	8.04	Mozambique	36	5.9	8.58	Cameroon	36	6.4	9.14
Benin	37	5.6	7.82	Algeria	37	5.8	8.49	Guinea-Bissau	37	4.9	7.00
Kyrgyz Rep.	38	5.4	7.51	Uganda	38	4.5	6.47	Algeria	38	4.8	6.81
Algeria	39	3.7	5.13	Yemen	39	4.1	5.88	Kyrgyz Rep.	39	4.2	5.96
Uganda	40	3.6	4.95	Albania	40	4.0	5.75	Uganda	40	4.0	5.71
Niger	41	3.5	4.86	Azerbaijan	41	3.6	5.21	Yemen	41	3.6	5.08
Guinea	42	3.2	4.47	Niger	42	3.2	4.70	Niger	42	3.4	4.78
Yemen	43	3.1	4.29	Guinea-Bissau	43	3.2	4.59	Albania	43	3.3	4.74
Albania	44	2.7	3.73	Kyrgyz Rep.	44	3.0	4.42	Guinea	44	2.9	4.16
Chad	45	2.6	3.55	Guinea	45	2.7	3.86	Azerbaijan	45	2.6	3.73
Sudan	46	2.0	2.83	Chad	46	2.6	3.82	Chad	46	2.6	3.69
Sierra Leone	47	2.0	2.77	Sudan	47	2.4	3.44	Sudan	47	2.2	3.13
Azerbaijan	48	1.6	2.24	Sierra Leone	48	2.1	3.00	Sierra Leone	48	2.0	2.88
Turkmenistan	49	1.6	2.21	Turkmenistan	49	1.2	1.75	Turkmenistan	49	1.4	1.98

(*)Normalized

**Table 14. Ranking of IDB Member Countries According to the
Market capitalization Ratio, 1995-2003**

1995-1999				2000-2004				1995-2004			
Country	Rank	N(*)	Value	Country	Rank	N(*)	Value	Country	Rank	N(*)	Value
Malaysia	1	100.0	193.7	Malaysia	1	100.0	144.4	Malaysia	1	100.0	169.1
Bahrain	2	56.1	108.7	Mauritania	2	78.5	113.3	Mauritania	2	67.0	113.3
Jordan	3	36.7	71.2	Jordan	3	68.4	98.7	Bahrain	3	55.9	94.6
Kuwait	4	35.9	69.6	Bahrain	4	59.0	85.1	Jordan	4	50.2	84.9
Qatar	5	18.1	35.1	Palestine	5	50.0	72.2	Kuwait	5	39.8	67.4
Morocco	6	16.6	32.2	Kuwait	6	38.9	56.1	Palestine	6	26.0	44.0
Saudi Arabia	7	16.6	32.1	Saudi Arabia	7	32.6	47.1	Saudi Arabia	7	22.9	38.8
Indonesia	8	16.0	31.1	Egypt	8	23.4	33.7	Qatar	8	19.9	33.6
Turkey	9	14.4	27.9	Morocco	9	22.9	33.1	Morocco	9	19.3	32.7
Oman	10	14.2	27.4	Qatar	10	20.1	29.0	Egypt	10	17.6	29.7
Egypt	11	13.3	25.7	Turkey	11	19.9	28.7	Turkey	11	16.7	28.2
U.A.E	12	8.6	16.8	Iran	12	15.9	22.9	Indonesia	12	15.3	25.9
Tunisia	13	8.3	16.1	Indonesia	13	13.4	19.4	Oman	13	14.1	23.9
Palestine	14	8.2	15.8	Oman	14	12.5	18.0	Iran	14	10.6	18.0
Iran	15	7.7	15.0	Pakistan	15	11.2	16.2	Pakistan	15	8.9	15.0
Pakistan	16	7.2	13.9	Nigeria	16	8.4	12.1	Tunisia	16	8.0	13.6
Lebanon	17	6.4	12.3	Cote d'Ivoire	17	7.8	11.3	U.A.E	17	7.8	13.3
Cote d'Ivoire	18	5.4	10.5	Tunisia	18	7.7	11.1	Cote d'Ivoire	18	6.4	10.9
Kazakhstan	19	4.8	9.2	U.A.E	19	6.8	9.8	Lebanon	19	6.1	10.4
Nigeria	20	4.6	9.0	Lebanon	20	6.1	8.8	Nigeria	20	6.1	10.4
Bangladesh	21	2.3	4.5	Kazakhstan	21	4.8	7.0	Kazakhstan	21	4.8	8.1
Uzbekistan	22	0.8	1.6	Bangladesh	22	2.3	3.3	Bangladesh	22	2.3	3.9
Kyrgyz Rep.	23	0.1	0.3	Kyrgyz Rep.	23	1.1	1.6	Uzbekistan	23	0.6	1.1
Azerbaijan	24	0.0	0.1	Uganda	24	0.4	0.6	Kyrgyz Rep.	24	0.4	0.7
Mauritania	25	0.0	0.1	Uzbekistan	25	0.2	0.3	Uganda	25	0.4	0.6
Uganda	26	0.0	0.1	Azerbaijan	26	0.1	0.1	Azerbaijan	26	0.0	0.1

(*)**Normalized**

**Table 15. Ranking of the IDB member Countries According to the
General Infrastructure, 1994-1999**

Country	Rank	N(*)	STD		Country	Rank	N(*)	STD
Bahrain	1	100.0	4.56		Comoros	29	-4.9	-0.22
U.A.E	2	33.9	1.55		Pakistan	30	-5.7	-0.26
Turkey	3	28.8	1.31		Algeria	31	-6.1	-0.28
Brunei	4	24.6	1.12		Gambia	32	-6.3	-0.29
Qatar	5	21.9	1.00		Indonesia	33	-7.0	-0.32
Lebanon	6	20.9	0.95		Iraq	34	-7.1	-0.32
Kuwait	7	20.1	0.92		Gabon	35	-8.4	-0.38
Malaysia	8	15.4	0.70		Uganda	36	-8.6	-0.39
Bangladesh	9	12.2	0.55		Nigeria	37	-9.0	-0.41
Suriname	10	7.1	0.32		Cote d'Ivoire	38	-9.0	-0.41
Azerbaijan	11	4.3	0.20		Djibouti	39	-9.2	-0.42
Kazakhstan	12	3.1	0.14		Yemen	40	-9.2	-0.42
Iran	13	2.6	0.12		Sierra Leone	41	-9.9	-0.45
Saudi Arabia	14	2.1	0.09		Togo	42	-10.0	-0.46
Albania	15	1.8	0.08		Guinea-	43	-10.2	-0.46
Syria	16	1.6	0.07		Senegal	44	-10.2	-0.47
Jordan	17	0.5	0.02		Guinea	45	-10.8	-0.49
Maldives	18	0.3	0.01		Cameroon	46	-11.2	-0.51
Oman	19	0.2	0.01		Benin	47	-11.4	-0.52
Kyrgyz Republic	20	-1.1	-0.05		Burkina Faso	48	-12.0	-0.55
Uzbekistan	21	-1.1	-0.05		Mozambique	49	-12.0	-0.55
Tunisia	22	-1.4	-0.06		Somalia	50	-12.4	-0.57
Turkmenistan	23	-2.3	-0.10		Mauritania	51	-12.5	-0.57
Libya	24	-2.4	-0.11		Afghanistan	52	-12.5	-0.57
Palestine	25	-2.6	-0.12		Sudan	53	-12.6	-0.57
Egypt	26	-4.5	-0.20		Chad	54	-12.7	-0.58
Morocco	27	-4.6	-0.21		Mali	55	-12.8	-0.58
Tajikistan	28	-4.8	-0.22		Niger	56	-12.9	-0.59

(*)Normalized

Table 16. Ranking of IDB Member Countries According to the Telephone Mainlines per 1000 People, 1994-2003

| 1994-1998				1999-2003				1994-2003			
Country	Rank	N(*)	Value	Country	Rank	N(*)	Value	Country	Rank	N(*)	Value
U.A.E	1	100.	326.	U.A.E	1	100.0	337.6	U.A.E	1	100.0	331.8
Bahrain	2	77.9	254.	Turkey	2	82.7	279.2	Bahrain	2	78.5	260.4
Brunei	3	74.6	243.	Qatar	3	80.3	271.1	Turkey	3	77.1	255.9
Qatar	4	72.8	237.	Bahrain	4	79.0	266.9	Qatar	4	76.6	254.3
Turkey	5	71.3	232.	Brunei	5	74.7	252.2	Brunei	5	74.6	247.7
Kuwait	6	64.2	209.	Kuwait	6	61.6	207.8	Kuwait	6	62.8	208.5
Malaysia	7	54.4	177.	Malaysia	7	57.5	194.2	Malaysia	7	56.0	185.7
Lebanon	8	49.4	160.	Lebanon	8	55.9	188.6	Lebanon	8	52.7	174.8
Suriname	9	43.2	140.	Iran	9	50.8	171.5	Suriname	9	46.2	153.4
Kazakhstan	10	35.1	114.	Suriname	10	49.1	165.9	Iran	10	40.4	134.0
Saudi Arabia	11	29.9	97.5	Saudi Arabia	11	42.1	142.2	Saudi Arabia	11	36.1	119.8
Iran	12	29.6	96.5	Jordan	12	35.9	121.3	Kazakhstan	12	35.4	117.5
Azerbaijan	13	26.4	86.0	Kazakhstan	13	35.7	120.7	Jordan	13	31.1	103.0
Jordan	14	26.0	84.8	Libya	14	34.9	117.9	Azerbaijan	14	29.0	96.3
Oman	15	25.7	83.6	Syria	15	33.8	114.2	Syria	15	28.7	95.2
Kyrgyz Rep.	16	23.5	76.7	Tunisia	16	31.6	106.8	Libya	16	28.0	92.9
Syria	17	23.4	76.2	Azerbaijan	17	31.6	106.6	Tunisia	17	26.0	86.2
Turkmenistan	18	23.1	75.3	Egypt	18	29.8	100.5	Oman	18	25.7	85.2
Libya	19	20.9	68.0	Maldives	19	28.8	97.4	Maldives	19	24.2	80.2
Uzbekistan	20	20.5	66.7	Oman	20	25.7	86.8	Turkmenistan	20	23.4	77.6
Tunisia	21	20.1	65.6	Palestine	21	25.1	84.6	Kyrgyz Rep.	21	23.2	76.9
Maldives	22	19.4	63.1	Turkmenistan	22	23.7	79.9	Egypt	22	23.1	76.5
Egypt	23	16.1	52.5	Kyrgyz Rep.	23	22.8	77.0	Uzbekistan	23	20.1	66.7
Algeria	24	13.9	45.2	Uzbekistan	24	19.7	66.6	Palestine	24	18.8	62.5
Morocco	25	13.7	44.6	Albania	25	18.5	62.6	Algeria	25	15.9	52.8
Tajikistan	26	12.8	41.6	Algeria	26	17.9	60.5	Morocco	26	13.4	44.5
Palestine	27	12.4	40.4	Morocco	27	13.1	44.4	Albania	27	12.8	42.5
Gabon	28	9.7	31.5	Tajikistan	28	10.8	36.3	Tajikistan	28	11.7	39.0
Iraq	29	9.6	31.3	Indonesia	29	10.2	34.5	Gabon	29	9.2	30.4
Albania	30	6.9	22.4	Gabon	30	8.7	29.3	Iraq	30	9.0	30.0
Indonesia	31	6.3	20.6	Iraq	31	8.5	28.7	Indonesia	31	8.3	27.5
Gambia	32	5.9	19.2	Gambia	32	7.9	26.5	Gambia	32	6.9	22.8
Pakistan	33	5.5	18.0	Pakistan	33	7.0	23.7	Pakistan	33	6.3	20.9
Djibouti	34	4.1	13.4	Yemen	34	6.9	23.2	Yemen	34	5.5	18.1
Yemen	35	4.0	13.0	Senegal	35	6.4	21.6	Senegal	35	5.0	16.7
Senegal	36	3.6	11.7	Cote d'Ivoire	36	5.1	17.1	Djibouti	36	4.3	14.3
Cote d'Ivoire	37	2.9	9.6	Sudan	37	4.9	16.6	Cote d'Ivoire	37	4.0	13.4
Comoros	38	2.5	8.0	Djibouti	38	4.5	15.1	Comoros	38	3.1	10.2
Guinea-Bissau	39	2.1	6.9	Comoros	39	3.7	12.3	Sudan	39	3.1	10.2
Togo	40	1.8	5.9	Togo	40	3.0	10.1	Togo	40	2.4	8.0
Benin	41	1.7	5.7	Mauritania	41	2.9	9.8	Guinea-Bissau	41	2.2	7.4
Cameroon	42	1.6	5.3	Benin	42	2.5	8.6	Mauritania	42	2.2	7.3
Mauritania	43	1.5	4.8	Guinea-Bissau	43	2.4	7.9	Benin	43	2.1	7.1
Mozambique	44	1.3	4.2	Cameroon	44	2.0	6.8	Cameroon	44	1.8	6.1
Nigeria	45	1.2	3.8	Somalia	45	1.9	6.5	Nigeria	45	1.4	4.5
Sudan	46	1.2	3.8	Nigeria	46	1.5	5.2	Mozambique	46	1.4	4.5
Sierra Leone	47	1.1	3.7	Burkina Faso	47	1.5	4.9	Somalia	47	1.2	4.1
Burkina Faso	48	1.0	3.2	Mozambique	48	1.4	4.8	Sierra Leone	48	1.2	4.1
Bangladesh	49	0.8	2.7	Mali	49	1.4	4.7	Burkina Faso	49	1.2	4.1
Uganda	50	0.7	2.3	Sierra Leone	50	1.3	4.4	Bangladesh	50	1.1	3.5
Mali	51	0.7	2.2	Bangladesh	51	1.3	4.4	Mali	51	1.0	3.5
Guinea	52	0.6	2.0	Guinea	52	1.0	3.2	Guinea	52	0.8	2.6
Somalia	53	0.5	1.7	Uganda	53	0.7	2.4	Uganda	53	0.7	2.4
Niger	54	0.5	1.6	Niger	54	0.6	1.9	Niger	54	0.5	1.8
Afghanistan	55	0.4	1.4	Chad	55	0.4	1.5	Afghanistan	55	0.4	1.4
Chad	56	0.3	1.0	Afghanistan	56	0.4	1.4	Chad	56	0.4	1.2

(*****)**Normalized**

**Table 17. Ranking of IDB Member Countries According to the Roads,
Total Network (KM per 100 Sq Km), 1993-1999**

Country	Rank	N(*)	Value	Country	Rank	N(*)	Value
Bahrain	1	100.0	421.0	Iraq	28	2.5	10.5
Bangladesh	2	33.0	139.1	Oman	29	2.4	10.1
Lebanon	3	15.1	63.7	Iran	30	2.3	9.8
Albania	4	14.9	62.6	Kyrgyz Rep.	31	2.2	9.3
Turkey	5	11.7	49.5	Jordan	32	1.9	7.8
Comoros	6	9.5	39.8	Senegal	33	1.8	7.4
Azerbaijan	7	8.2	34.4	Cameroon	34	1.7	7.2
Pakistan	8	6.5	27.2	Saudi Arabia	35	1.6	6.9
Brunei	9	5.9	24.8	Benin	36	1.4	6.0
Kuwait	10	5.8	24.5	Egypt	37	1.4	5.9
Gambia	11	5.6	23.5	Kazakhstan	38	1.2	5.1
Malaysia	12	5.2	22.0	Libya	39	1.1	4.6
Syria	13	5.1	21.3	Burkina Faso	40	1.0	4.4
Nigeria	14	4.8	20.2	Algeria	41	1.0	4.3
Indonesia	15	4.3	18.1	Mozambique	42	0.9	3.7
Tajikistan	16	4.0	16.8	UAE	43	0.9	3.7
Uzbekistan	17	4.0	16.7	Somalia	44	0.8	3.5
Sierra Leone	18	3.8	15.9	Turkmenistan	45	0.8	3.4
Cote d'Ivoire	19	3.7	15.6	Afghanistan	46	0.8	3.2
Morocco	20	3.1	13.3	Gabon	47	0.7	3.0
Togo	21	3.1	13.2	Suriname	48	0.7	2.7
Tunisia	22	3.1	13.0	Chad	49	0.6	2.6
Djibouti	23	3.0	12.5	Mali	50	0.3	1.2
Guinea	24	2.9	12.3	Niger	51	0.2	0.8
Guinea- Bissau	25	2.9	12.1	Mauritania	52	0.2	0.7
Yemen	26	2.8	11.9	Sudan	53	0.1	0.5
Qatar	27	2.6	11.0				

(*)Normalized

Chart 1 Ranking of IDB Member Countries According to:

Average GDP growth, 1995-2004	Average GDP per capita growth, 1995-2004
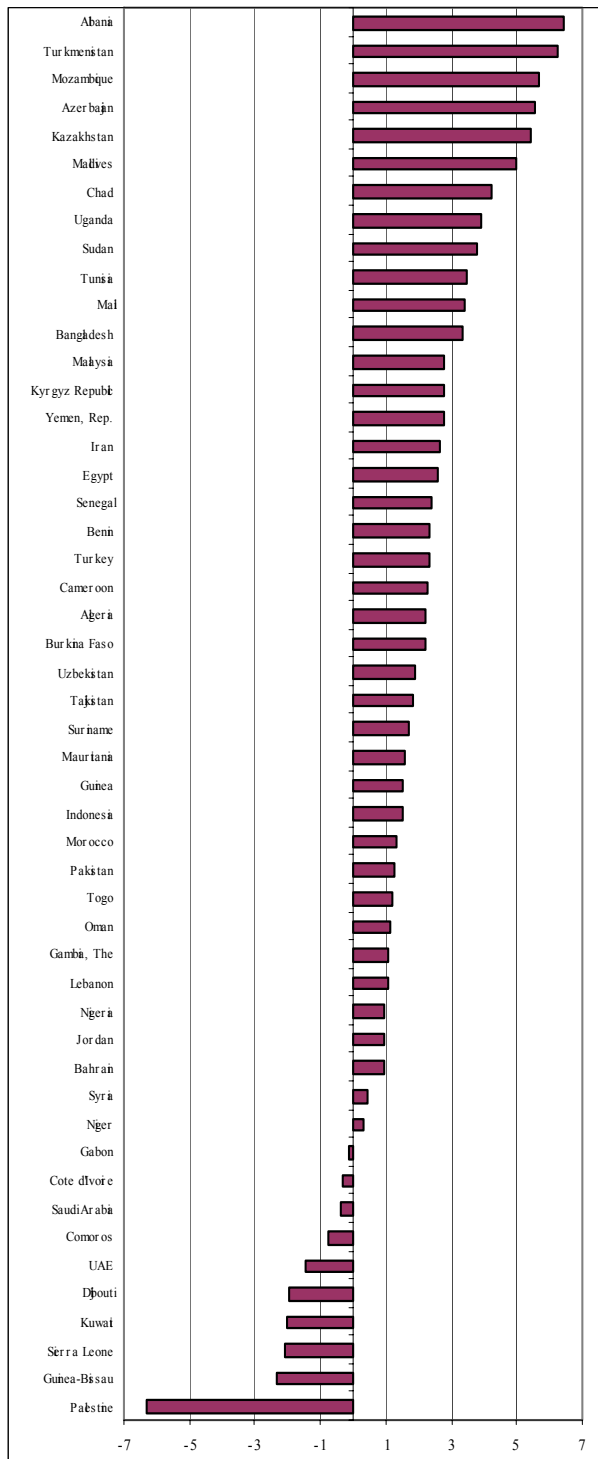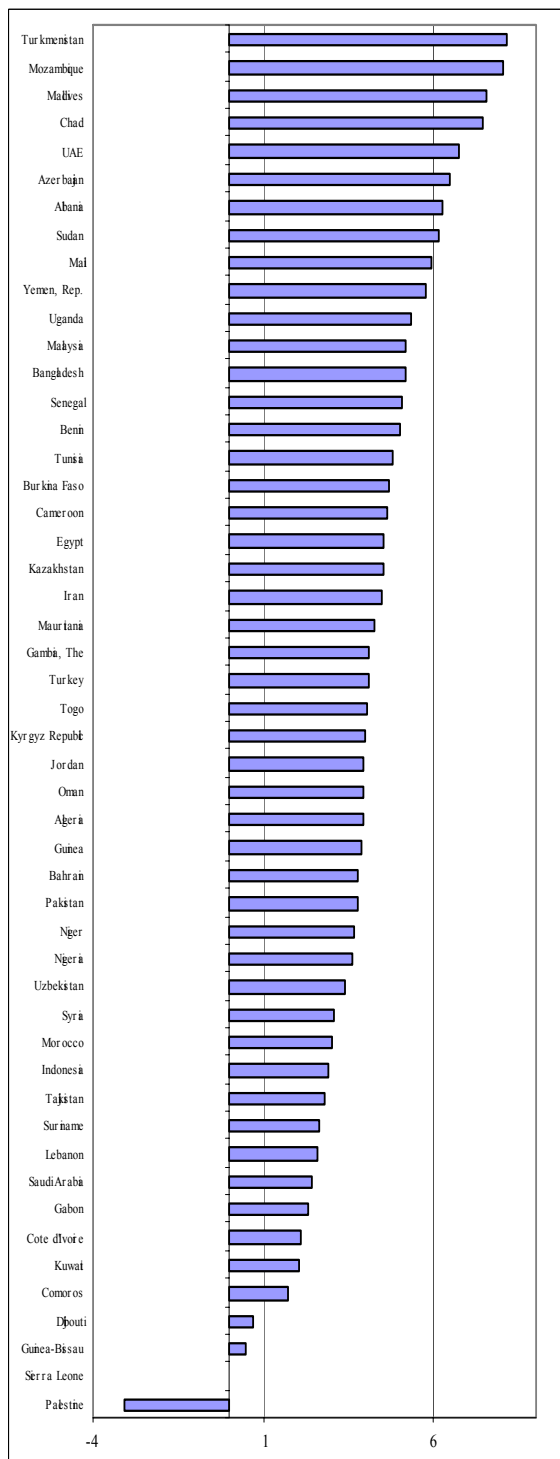
Annex 2

Technical Note14

This report used 26 criteria to calculate the productivity and competitiveness rankings. These criteria fall into five factors, namely national economic performance, institutional environment, human resources, financial environment, and information technology and infrastructure. Every economy's performance is measured and ranked according to their real values. Then the indicators in each factors are combined to calculate the main factors determining productivity and competitiveness in IDB member countries. The data processing methodology for measuring the aggregated data and rankings is as follows: First, for each individual criterion, the countries' standardized values are calculated based on the STD Method described below. In most cases, a higher value reflects good performance; for example, gross fixed capital formation as a percentage of GDP; the country with the highest standardized value is ranked first while the one with the lowest is last. However, with some indicators, the lowest value is the most competitive, which is the case for inflation. In these cases, a reverse ranking is used.

The factor rankings are then determined by calculating the average of the criteria STD values that make up the factor. All the data have a weight of 1. When data is unavailable for particular countries, the missing values are replaced by a STD value equal to 0. The STD values are then aggregated to determine the Overall Scoreboard for each factor. Since all of the statistics are standardized, they can be aggregated to compute indices. To calculated the STD, the standard deviation method is applied.

Standard Deviation Method

The Standard Deviation Method measures the relative difference between the countries' performances; therefore, each country's relative position in the final rankings is more accurately assessed. First, for each criterion, we compute the average value for the entire population of countries ($\bar{x}$). Then, the standard deviation is calculated using the following formula:

$$S = \sqrt{\frac{\sum (x - \bar{x})^2}{N}}$$

Finally, we compute each of the countries' standardized values (STD) for the ranked criteria. The STD is calculated by subtracting the average value of the countries from the country's original value and then dividing the result by the standard deviation. The STD value for criteria i is calculated as follows:

$$(STDvalue)_i = \frac{x - \bar{x}}{S}$$

Where:

x = original value
$\bar{x}$ = average value of the countries
N = number of countries
S = Standard Deviation

Export concentration index

Export concentration index is a measure of the degree of market concentration. It has been normalized to obtain values ranking from 0 to 1 (maximum concentration), according to the following formula:

$$Hj = \frac{\sqrt{\sum_{i=1}^{239} \left(\frac{x_i}{X}\right)^2} - \sqrt{1/239}}{1 - \sqrt{1/239}}$$

Where

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[14] Technical note has been taken from IDM World Competitiveness Yearbook (2005), pages 630-631.

H_j is the country index,
x_i is the value of exports of product i,

$$X = \sum_{i=1}^{239} x_i$$

and 239 represents the number of products at the three-digit SITC, Revision 2 level.

Aggregate Measures of Competitiveness

Although the rankings provided by the WEF are widely cited in some circles, and are taken seriously by some governments, they have been questioned by many academic economists. In a recent paper, Lall (2001a) has put forward a very serious critique of the two indices constructed by the WEF on the basis that it takes an oversimplified view of the constraints to structural change in developing countries. For example, Porter does not provide a theory of competitive advantage in economic terms. The discussion only gives a post hoc explanation, and, even then, in a rather general way, why certain activities have succeeded in certain countries. The link from competitive advantages at the firm level, where the approach is most useful, to the national level remains weak and unsubstantiated. Lall also points out that the indices are atheoretical as the "underlying model tends to lack rigor and clarity, with a propensity to use a large number of variables without theoretically justifying their causal relations to the dependent (and often without measuring them correctly)." Likewise, the weights applied to construct the indices are arbitrary, and the indices display an overly negative view of the role of government (Lall 2001a, p.1506) (e.g., free markets are good and positive for competitiveness while union power or pension benefits are bad). Finally, they rely extensively on qualitative data obtained through questionnaires that are, at most, only tenuously related to the notion of competitiveness. Lall (2001a, p.1507) concludes: "Appealing as all this may be to the *Global Competitiveness Report*'s corporate audience, the economic validity of many of these propositions is debatable."