addition, government spending programs continue to foster recovery in many oil-exporting economies. At the same time, political discontent, high unemployment and rising food prices are causing social unrest in a number of countries, which is likely to dampen their short-term growth.

Real GDP in the Middle East region is projected to grow at 4.1 percent in 2011, edging up to 4.2 percent in 2012. But prospects for economic growth vary widely across the region.

The group of oil exporters have the better outlook. Growth for this group is expected to pick up to 4.9 percent this year. The strongest performer is Qatar, where real activity is projected to expand by 20.0 percent in 2011, underpinned by continued expansion in natural gas production and large investment expenditures. In Saudi Arabia, GDP is expected to grow at about 7.5 percent this year, supported by sizable government infrastructure investment. However, for Iran, growth in 2011 is expected to stall temporarily as subsidies for energy and other products are phased out—a much-needed reform that will yield benefits in the medium term. Disruption of oil production in Libya means that, given constraints on non-OPEC capacity, oil production from other OPEC suppliers is likely to increase in 2011.

The economic outlook is less positive for oil importers. The political turmoil in Egypt will likely curtail output and dampen tourism receipts. GDP growth is thus expected to slow to 1.0 percent, down significantly from the 5.1 percent registered in 2010. In Tunisia, growth is projected to slow to 1.3 percent in 2011, down from 3.7 percent in 2010, as expected declines in tourism and foreign direct investment harm other sectors of the economy.

Sub-Saharan Africa

Africa managed to avoid a contraction during the global recession of 2009 and grew rapidly last year. The region trailed only emerging Asia and Latin America and the Caribbean in growth in 2010 and is second only to developing Asia in the outlook for growth in 2011. Output gaps in many of the region's economies are starting to close, although South Africa is a notable exception.

The region grew rapidly last year, advancing 5.0 percent in real terms. Domestic demand growth remained robust, trade and commodity prices rebounded, and macroeconomic policies continued to be accommodative. Terms-of-trade gains are supporting the region's external balances, and the gradual reorientation of exports toward faster-growing regions such as Asia has been sustained.

Looking forward, real activity in sub-Saharan Africa is projected to expand by 5.5 percent this year and 5.9 percent next year, but disparities will remain.

Growth in the region is projected to be led by the region's oil exporters. The expected strengthening of oil prices in 2011 will help sustain the recovery for this group. As a whole, the African oil exporters are projected to grow by 6.9 percent this year and by 7.0 percent in 2012, led by Angola. Following the sharp rebound in oil production last year in Nigeria, oil output is expected to stabilize this year, and the economy is set to expand by 6.9 percent. Most oil exporting economies are planning to use the buoyancy of global oil markets as an opportunity to return to fiscal surpluses and rebuild reserves.

At the same time, growth in Africa's low income countries (LICs) is projected to expand by 5.9 percent this year. Ghana, the third-largest LIC in the region, is projected to grow by 13.7 percent this year as oil production commences in the Jubilee oilfield and