The IMF's 2025 Vision for MENA's Economic Outlook

BLOMINVEST BANK S.A.L

October 28, 2025

Contact Information

Jana Boumatar

jana.boumatar@blominvestbank.com

In his October 21, 2025 press conference at the Dubai International Financial Centre, Jihad Azour, Director of the IMF's Middle East and Central Asia Department, outlined a cautiously optimistic view of the region's economic landscape. His remarks captured both the momentum and fragility that define the Middle East and North Africa (MENA) at a time of global volatility, emphasizing the region's resilience, ongoing reforms, and the imperative for inclusive, sustainable growth.

Azour opened by noting that, despite persistent uncertainty from geopolitical tensions to trade disruptions, the MENA region has maintained robust economic activity. Unlike in previous global downturns, the region largely avoided the direct consequences of rising U.S. tariffs and global trade restrictions. This resilience, according to Azour, is reflected in the IMF's upgraded growth projections: regional GDP growth is expected at 3.2% in 2025, up from 2.1% in 2024, with further acceleration to 3.7% in 2026. These revisions indicate improving macroeconomic conditions and renewed investor confidence.

For oil-exporting economies, notably within the Gulf Cooperation Council (GCC), growth is driven by the unwinding of OPEC+ production cuts and a stronger than expected output. The IMF projects oil-exporter growth at 3% in 2025 and 3.4% in 2026, up from 2.5% a year earlier. Yet Azour emphasized that the story extends "beyond oil": economic diversification has become a defining policy pillar. GCC states are increasingly dependent on non-oil sectors – such as technology, tourism, and logistics – to sustain growth and employment, signaling progress in long standing reform agendas aimed at reducing hydrocarbon dependency.

For oil-importing economies, momentum has improved due to lower oil prices, stronger remittances, tourism recovery, and favorable agricultural output. The IMF forecasts growth at 3.5% in 2025 and 4.1% in 2026. Azour linked these gains to macroeconomic stabilization and structural reforms, underscoring how disciplined fiscal management and institutional strengthening are enhancing resilience. Inflation, though uneven, is moderating across much of the region thanks to tighter monetary policy and easing global food and energy costs. Moreover, sovereign spreads have narrowed, currencies have adjusted more smoothly, and several countries have regained access to international capital markets, a marked contrast with previous periods of financial stress.

Despite these encouraging signs, Azour cautioned that risks remain significant. The region’s outlook is shadowed by global uncertainty, particularly if slower global demand or tighter financial conditions erode fiscal buffers in highly indebted economies. He also highlighted the lingering effects of regional conflicts, referencing the June 2025 Israel-Iran confrontation, which, though limited in its short-term trade impact, underscored the fragility of regional stability. In Azour’s assessment, persistent geopolitical risks – alongside potential inflationary pressures in advanced economies – could raise borrowing costs and disrupt recovery trajectories.

Azour argued that current growth momentum presents a “window of opportunity” for policymakers. He called for a dual focus: managing short-term vulnerabilities while laying the groundwork for long-term, inclusive growth. Fiscal prudence and external-buffer rebuilding are essential, especially in countries with limited reserves. Yet, beyond stabilization, he urged “bold reforms” to diversify economies, empower the private sector, deepen financial markets, and improve productivity. These objectives require strengthening governance and institutions, reducing the state’s economic footprint, and investing strategically in infrastructure. Notably, Azour linked digitalization and artificial intelligence to future productivity gains and social inclusion, framing them as tools to narrow income inequalities across the region.

A notable feature of this year’s Regional Economic Outlook is its focus on post-conflict recovery. Drawing on Chapter 2 of the report, Azour explained that successful recoveries hinge on early macroeconomic stabilization, access to external financing, and institutional rebuilding. The IMF’s analysis shows that countries that reduce macroeconomic volatility during the first five years of peace are significantly more likely to achieve durable recovery. This insight resonates with the IMF’s broader development philosophy, balancing short-term stabilization with long-term institution building as a foundation for sustainable peace and growth.

Azour concluded by reaffirming the IMF’s long-term commitment to the region through financing, policy advice, and capacity development. Since 2024, the Fund has approved $21.4 billion in financial support for MENA countries and Pakistan – a tangible sign of its active role in regional stabilization efforts. He framed 2025 as “a story of resilience amid uncertainty,” emphasizing that the challenge now lies in transforming resilience into inclusive, durable prosperity.

Table: Real GDP Growth (year-over-year percentage change)

	2022	2023	2024	Projections 2025	2026	2030
MENA, Afghanistan, Pakistan	**6.6**	**2.2**	**2.1**	**3.2**	**3.7**	**3.7**
Oil Exporters	**7.5**	**2.6**	**2.5**	**3.0**	**3.4**	**3.0**
GCC	**9.8**	**1.3**	**2.2**	**3.9**	**4.3**	**3.4**
Bahrain	6.2	3.9	2.6	2.9	3.3	3.2
Kuwait	6.8	-1.7	-2.6	2.6	3.9	2.3
Oman	8.0	1.2	1.7	2.9	4.0	3.6
Qatar[1]	4.2	1.5	2.4	2.9	6.1	3.4
Saudi Arabia	12.0	0.5	2.0	4.0	4.0	3.3
United Arab Emirates	7.5	4.3	4.0	4.8	5.0	3.9
Non-GCC Oil Exporters	**4.5**	**4.3**	**2.9**	**1.8**	**2.2**	**2.6**
Algeria	3.6	4.1	3.7	3.4	2.9	2.5
Iran[2]	4.4	5.3	3.7	0.6	1.1	2.0
Iraq	7.7	0.9	-0.2	0.5	3.6	4.1
Libya	-8.3	10.2	1.9	15.6	4.2	2.2
Oil importers	**5.1**	**1.4**	**1.6**	**3.5**	**4.1**	**4.7**
Emerging Market and Middle-Income Economies	**5.7**	**2.1**	**2.3**	**3.6**	**4.1**	**4.7**
Egypt	6.7	3.8	2.4	4.3	4.5	5.3
Jordan	2.6	2.9	2.5	2.7	2.9	3.0
Lebanon	1.0	-0.7	-7.5	...	...	...
Morocco	1.8	3.7	3.8	4.4	4.2	3.8
Pakistan	6.2	-0.2	2.5	2.7	3.6	4.5
Tunisia	2.7	0.2	1.6	2.5	2.1	1.4
West Bank and Gaza	4.1	-4.6	-26.6	...	...	...
Low-Income Countries	**-1.4**	**-6.7**	**-6.2**	**2.2**	**5.6**	**4.9**
Afghanistan[3]	-6.2	2.3	1.7	...	...	...
Djibouti	5.2	7.4	6.5	6.0	6.0	5.5
Mauritania	6.8	6.8	6.3	4.0	4.3	3.0
Somalia	2.7	4.2	4.1	3.0	3.3	4.1
Sudan	-2.5	-20.8	-23.4	3.2	9.5	5.5
Syria	...	...	...	...	...	...
Yemen	1.5	-2.0	-1.5	-1.5	0.0	5.0
MENA	**6.7**	**2.5**	**2.1**	**3.3**	**3.7**	**3.6**
CCA	**5.0**	**5.3**	**5.5**	**5.6**	**4.7**	**4.0**
Oil Exporters	**3.5**	**4.2**	**4.4**	**4.9**	**4.0**	**3.1**
Azerbaijan	4.7	1.4	4.1	3.0	2.5	2.5
Kazakhstan	3.2	5.1	4.8	5.9	4.8	3.4
Turkmenistan[4]	3.3	4.2	3.0	2.3	2.3	2.3
Oil Importers	**7.7**	**7.1**	**7.2**	**6.8**	**5.7**	**5.4**
Armenia	12.6	8.3	5.9	4.8	4.9	4.5
Georgia	11.0	7.8	9.4	7.2	5.3	5.0
Kyrgyz Republic	9.0	9.0	9.0	8.0	5.3	5.3
Tajikistan	8.0	8.3	8.4	7.5	5.5	4.5
Uzbekistan	6.0	6.3	6.5	6.8	6.0	5.7
Memorandum						
Fragile and Conflict Affected States	3.0	-1.2	-3.0	2.6	4.4	4.1
Conflict Affected States	3.9	-2.2	-3.4	1.0	4.4	4.3

Sources: National authorities; and IMF staff estimates and projections

For your Queries:
BLOMINVEST BANK s.a.l.

Research Department

Zaituna Bay

POBOX 11-1540 Riad El Soloh

Beirut 1107 2080 Lebanon

Jana Boumatar

jana.boumatar@blominvestbank.com

Research Department

Tel: +961 1 991 784

research@blominvestbank.com