

المؤسسة العربية لضمان
الإستثمار وائتمان الصادرات
The Arab Investment & Export
Credit Guarantee Corporation



Investment climate in Arab countries

2021

**Projects and inflows of foreign direct investment (FDI) into the region
amid the epidemic, political and economic developments**

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المؤسسة العربية لضمان
الإستثمار وائتمان الصادرات
The Arab Investment & Export
Credit Guarantee Corporation



The world's 1st multilateral investment insurance agency

47

years

of experience
in the Arab region
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AA — Negative

Dhamaan was established in Kuwait in 1974 as a multilateral organization owned by the governments of Arab countries and four Arab financial institutions. Its objectives come as follow:

- Promoting the inflow of Arab and foreign direct investments into Arab countries by insuring greenfield and existing investments against political risks , including expropriation, nationalization, inability to transfer money, wars, civil disorders, terrorism and breach of contract.
- Backing Arab exports and strategic and capital imports by insuring them or financing their insurance against political and commercial risks like bankruptcy and insolvency.
- Supporting local trade, leasing, financing and factoring through insurance to investors, exporters, contractors and financial institutions.
- Raising awareness and promotion for the investment climate, exporting and insurance against commercial and political risks in Arab countries through research and information, organizing conferences and events and providing counseling and backing to relevant bodies in the region.

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The Report of the Investment Climate in Arab countries

It is an annual report published by the Arab Investment & Export Credit Guarantee Corporation (Dhamaan) since 1986. It is one of the corporation's key tools for carrying out the second part of its objectives; its responsibility towards the Arab region for spreading knowledge and developing research, studies, activities and promotional efforts pertinent to investment climate, export promotion and guarantee industry, as well as determining and promoting investment opportunities in Arab countries.

In this context, the report basically monitors major political, economic and social changes in the Arab investment climate in line with continuously developing methods aiming at keeping abreast of the latest data and information monitoring and provision ways of specialized regional and international agencies.

It also monitors changes in the volume of foreign direct investment in the region through a set of data and information bearing on new projects and actual investment inflows, relying on the databases of credible regional and international bodies.

In this context, the Arab Investment & Export Credit Guarantee Corporation (Dhamaan) welcomes quoting information from the report, provided that the source be mentioned. It's also worth mentioning that findings and interpretations in the report don't necessarily reflect the views of the corporation's board of shareholders, board of directors or even the governments of the countries they represent. Furthermore, frontiers and other information shown on any map don't mean the corporation's support or acceptance.

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Letter from the Director-General

The Arab Investment & Export Credit Guarantee Corporation (Dhahran) provides its member states with the 36th annual report on the investment climate in Arab countries in 2021, which handles the changes and different components of the investment climate in 2020, in addition to relevant reflections on the volume of projects and inflows of foreign direct investments into the region. The expected impact of political and economic developments and the ramifications of the novel Coronavirus outbreak and consequent measures are taken into consideration.



Abdullah A. Alsabeeh

As expected, the investment climate in Arab countries has been negatively affected by regional events and developments, just as monitored by the reports and indexes of specialized international agencies for assessing the different components of the investment climate, business environment and relevant risk levels.

- Accordingly, the Arab countries scored lower in the indexes of e-government, corruption perceptions, innovation, human development, governance, competitiveness and sovereign ratings.
- However, Arab countries advanced by four rankings in the Doing Business index thanks to fast-track reforms with a net of 52 reforms, up 12 over 2019's figure, but, the Arab ranking remained below the global average.

As a matter of course, the region's countries saw a drop in the size of projects and inflows of foreign direct investment (FDI) in 2020, as indicated by the following statistics:

- Foreign direct investment (FDI) projects in Arab countries fell by 38.3 % to 616, and the cost went down by 40.5% to USD 34 billion. Thus, the region has witnessed the worst performance since 2003.
- FDI inflows into Arab countries raised by 2.5% to USD 40.5 billion in 2020.
- Inter-Arab investment projects fell by 42% to 110, and the cost plummeted by 68.8 % to USD 4.8 billion, making up 14% of overall

foreign investments in the region.

The Arab Investment & Export Credit Guarantee Corporation (Dhahran) is well aware that amidst extraordinary events, where confidence and certainty decrease, its role becomes more significant since it has to come up with mechanisms and tools that can ensure continuing Arab trade and FDI inflows into Arab countries by means of providing protection for Arab export, investment and banking entities in light of the current epidemic and political developments.

In this context, the corporation, established in 1974 as a multilateral Arab regional corporation, Dhahran has continued its efforts to improve the investment climate in Arab countries and promote Arab exports to different world countries. Thanks to five decades of experience, it has also offered guarantee services to investors and exporters, with accumulated operations having hit USD 21 billion until late 2020.

Finally, I'd like to thank all concerned Arab official bodies and investment and export agencies for their cooperation with the corporation, in addition to the research and risk assessment team for compiling this report.

The corporation hopes that this report, together with other activities and national efforts, would contribute to drawing more inter-Arab and foreign direct investments to the Arab region.

Introduction

The Report of the Investment Climate in Arab countries in 2021 handles changes in the indexes of the investment climate and doing business environment in the region in 2020, based on the visions, reports and assessments of international corporations and financial, investment and consulting institutions regarding the political, economic and institutional situations in the region's countries, in a way that boosts the report's ability to explain the investment climate accurately and objectively, covering all Arab countries and providing reliable and useful information for officials, decision-makers and the private sector's institutions in the region and the entire world.

The four-section report deals with changes in the investment climate in 2020 and their reflections on the volume of FDI projects and inflows into the region, taking into account the expected impact of political and economic developments and the novel Coronavirus outbreak as well as relevant measures.

Section 1: changes in the Investment climate in Arab countries in 2020

It includes and monitors major changes in the investment and business environment in Arab countries in 2020, based on the key indexes of specialized international organizations.

- These indexes cover the different components of the political, economic, institutional and procedural investment climate.
- They are based on a large number of changes and sub indexes which are mostly linked to the investment and business environment whether directly or indirectly.
- All the indices are released by credible international agencies and are used by major world investment corporations, including multinational companies, to evaluate the investment climate and business environment worldwide.
- Most of the indices are updated annually and duly according to recent statistics used in the evaluation of development in the investment climate.

Section 2: Foreign direct investment projects in Arab countries in 2020

It lists new or expanded FDI projects in Arab countries in 2020, citing the database of foreign investment projects (FDI Markets), released by the Financial Times, a key source recognized by the UNCTAD for monitoring global investments.

In this context, projects are reviewed and analyzed through four key indexes: the number of foreign investors in the region, the number of executed projects, the estimated cost of every project and the number of new jobs created.

The most significant information on geographical and sectoral distribution of these projects is obtained through lists of major regions, countries and companies investing in the region, key executed projects, major Arab countries and future economic sectors of these projects during 2020.

Section 3: Inter-Arab investment projects in 2020

It provides more specialized information on the inter-Arab investment movement during 2020, which is part of the overall FDI in Arab countries in the second section.

Section 4: FDI Inflows and stocks of foreign direct investment into Arab countries in 2020

This part is different from the previous ones in view of its data, mainly the way it was prepared and its source, focusing on the monitoring of the actual inflows of inbound and outbound FDI in Arab countries in line with the International Monetary Fund (IMF) method in the sixth version of the balance of payments, used by the UNCTAD in the compilation of data. Thus, this part gives a whole picture of the FDI investment in Arab countries by monitoring actual inflows, in addition to foreign and Arab projects in the region.

Conclusion and recommendations:

This embraces findings and key recommendations made after analyzing the performance of Arab countries in different international indexes and their actual performance in terms of the volume of projects and FDI inflows.



Section 1: changes in the Investment climate in Arab countries in 2020

This part handles major changes in the investment climate in Arab countries in 2020. These changes are monitored on the basis of the compound indexes of specialized international organizations, which have the following characteristics:

- These indexes cover various components of the political, economic, institutional and procedural investment climate.
- They are based on a large number of changes and sub-indexes which are mostly linked to the investment climate and business environment whether directly or indirectly.
- All the indexes are issued by credible international agencies and used by leading global investors, mainly multinational companies, in the evaluation of the investment climate and business environment worldwide.
- Most of the data are updated annually and duly in line with recent statistics used in the evaluation of development in the investment climate.

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Section 1: Changes in the Investment Climate in Arab Countries in 2020

Change in the ratings of the Doing Business Index

The ratings of Arab countries improved by four positions in the general index from 122 in 2019 to 118 in 2020

According to the Doing Business report, issued by the World Bank Group, which examines regulatory procedures in 190 economies through 10 sub-indexes for checking how easy Doing Business is, and in line with the 2020 report, which monitors the performance of 22 Arab countries, changes of Arab ratings in these indexes come as follows:

14 Arab countries' ratings in the general index improved, led by Saudi Arabia by 29 positions, Jordan by 27 positions and Bahrain by 18 positions

- The ratings of Arab countries improved by four positions in the general index from 122 in 2019 to 118 in 2020.
- The ratings of 14 Arab countries in the general index improved in 2020, with Saudi Arabia coming first (29 positions), followed by Jordan (27 positions), Bahrain (18 positions), Kuwait (10 positions), Djibouti (10 positions), Morocco, Egypt and Comoros (5 positions), Mauritania (3 positions), Yemen (two positions), Syria, Libya and Somalia (one position).
- Algeria's rating remained unchanged, while other countries' ratings dropped; Sudan (12 positions), Palestine (7 positions), UAE and Lebanon (7 positions), Iraq (two positions), Oman and Tunisia (one position).
- Saudi Arabia came in the lead in view of improved ratings in the general index and sub-indexes with a total of 314 improvements, including 101 in the Starting a Business, 73 in the Trading Across Borders, followed by Kuwait by 197 positions in the general index and sub-indexes and then Jordan by 160 positions.

Sub-indexes:

- The Starting a Business indicator saw the second key improvement at the Arab level by 165 positions. Seven countries advanced; led by Saudi Arabia (101 positions), Tunisia (55 positions) and Kuwait (51 positions), while 14 countries went down from one to 15 positions.
- The Dealing with Construction Permits indicator: 11 countries improved; led by Kuwait (59 positions), followed by Bahrain (36 positions) and Yemen (5 positions), as 10 countries lost places
- The Getting Electricity Indicator: 10 countries advanced; mainly Saudi Arabia (50 positions), Kuwait (31 positions) and Morocco (29 positions), as 10 countries lost places.
- The Registering Property indicator: It witnessed the lowest improvement at the Arab level with a total of 46 positions. Eight countries advanced; mainly Kuwait (25 positions) and Qatar (18 positions), Oman (10 positions), while nine countries lost positions.
- The Getting Credit indicator: It saw the highest improvement of Arab countries with a total of 299 places. 15 countries advanced; led by Jordan (134 positions), Saudi Arabia (42 positions) and Djibouti (32 positions), while seven countries lost positions.
- The Protecting Minority Investors indicator: the ratings of 17 Arab countries improved, led by Morocco (18 positions), followed by Oman (13 positions) and then Saudi Arabia (12 positions), while the rating of two countries dropped.
- The Paying Taxes indicator: 10 countries improved; topped by Jordan (34 positions), and then Tunisia (27 positions) and Saudi Arabia (26 positions), as 11 countries' ratings went down.
- The Trading Across Borders Index: The ratings of 13 countries advanced; led by Saudi Arabia (73 positions), and then Oman (10 positions) and UAE (4 positions), as these of six countries dipped.
- The Enforcing Contracts indicator: Seven countries advanced, mainly Bahrain (38 positions), Mauritania (26 positions) and Morocco (10 positions), as 12 countries' ratings dropped.
- The Resolving Insolvency Index: 12 countries improved; topped by Algeria (38 positions), followed by Bahrain (33 positions) and Comoros (23 positions), but nine countries lost places.

Section 1: Changes in the Investment Climate in Arab Countries in 2020

Change in the ratings of the Doing Business Index

The Getting Credit Indicator saw the most improvement in Arab countries by a total of 299 positions with better ratings of 15 countries, led by Jordan (134 positions)

The Registering Property indicator witnessed the lowest improvement at the Arab level with a total of 46 positions with better ratings of eight countries, led by Kuwait (25 positions)

Rank of Arab countries according to the most improvement in the ranking of global index of doing business and its sub-indicators - year 2020

Arab ranking	Country	Global index	Starting a Business	Dealing with Construction Permits	Enforcing Contracts	Getting Credit	Getting Electricity	Paying Taxes	Protecting Minority Investors	Registering Property	Resolving Insolvency	Trading across Borders	Net changes
1	Saudi Arabia	29	101	4	9	42	50	26	12	(1)	(2)	73	314
2	Jordan	27	(15)	(3)	0	134	(3)	34	(1)	0	14	0	160
3	Bahrain	18	(3)	36	38	18	9	4	0	9	33	1	145
4	Kuwait	10	51	59	(7)	20	31	1	3	25	11	3	197
5	Djibouti	10	(15)	(4)	(3)	32	1	0	(3)	(4)	18	(1)	21
6	Egypt	5	21	0	0	(4)	21	4	4	(3)	17	1	61
7	Morocco	5	(10)	3	10	(2)	29	1	18	(5)	1	2	47
8	Comoros	5	5	1	1	(8)	8	(1)	2	4	23	(2)	33
9	Mauritania	3	(5)	(6)	26	25	(2)	2	3	(1)	4	(1)	45
10	Qatar	3	(14)	(1)	(1)	12	16	(1)	3	18	(2)	0	30
11	Yemen	2	21	5	(3)	5	4	(2)	8	0	(34)	3	7
12	Somalia	1	1	3	(1)	4	2	1	1	1	(2)	(2)	8
13	Libya	1	(4)	2	(3)	3	(1)	(1)	1	1	5	(1)	2
14	Syria	1	(8)	4	1	3	(2)	(2)	0	0	(3)	1	(6)
15	Algeria	0	(2)	(4)	(1)	(1)	(6)	(2)	0	0	38	1	23
16	Tunisia	(1)	55	(2)	(2)	7	(8)	27	9	4	(4)	0	86
17	Oman	(1)	(8)	(5)	(6)	(2)	(1)	1	13	10	0	10	12
18	Iraq	(2)	(1)	(5)	(3)	2	(2)	(1)	1	(5)	15	1	2
19	UAE	(5)	5	2	(1)	11	0	(27)	7	0	(4)	4	(3)
20	Lebanon	(5)	(5)	(5)	4	(5)	0	(3)	1	(3)	6	(2)	(12)
21	Palestine	(7)	(2)	3	0	7	(1)	(5)	5	(3)	(1)	1	4
22	Sudan	(12)	(3)	(2)	(3)	(4)	(39)	(2)	2	(1)	(2)	1	(53)
Net changes		87	165	85	55	299	106	54	89	46	131	93	1123

Source: The World Bank

Numbers in black reflect the improvement of countries' rankings, while numbers in red between two brackets show a drop of countries' rankings

Section 1: Changes in the Investment Climate in Arab Countries in 2020

Doing Business Reforms

- Arab countries accelerated Doing Business reforms in 2020 with a total of 52 reforms, up 6 reforms from 46 in 2019.
- Twelve Arab countries, making up 55 % of the total, carried out at least a single reform in 2020; the same number of reformers in the past year.
- The fields of Getting Electricity and Protecting Minority Investors scored the most reforms, followed by the fields of Getting Credit, Doing Business and Trade Across Borders.
- Eight countries boosted Doing Business reforms in 2020; topped by Bahrain (seven reforms), and then Kuwait (five reforms), Oman (four reforms), Saudi Arabia (three reforms) and Morocco (two reforms).
- Bahrain (nine reforms), Saudi Arabia (eight reforms), Kuwait (seven reforms) and Morocco (six reforms) were top 10 reformers in the region.
- The UAE, Oman and Egypt continued reforms by making four reforms each during 2020.
- Qatar, Jordan, Tunisia and Djibouti made significant reforms by making three reforms each.
- Sudan is the only Arab country which saw a drop in reforms in three fields.
- The pace of reforms in seven Arab countries was slow; mainly Djibouti which carried out three reforms in 2020 against six reforms in 2019

Eight countries boosted Doing Business reforms in 2020; topped by Bahrain (seven reforms), and then Kuwait then Oman and Saudi Arabia

Bahrain, Saudi Arabia, Kuwait and Morocco were top 10 reformers in the region

Arab countries carried out 55 reforms, while three countries' reforms dropped in 2020, up 6 reforms compared with 2019

Twelve Arab countries, making up 55 % of the total, carried out at least a single reform in 2020

Number of doing business reforms in Arab Countries

Rank 2020	Country	2019	2020	Change
1	Bahrain	2	9	7
2	Saudi Arabia	5	8	3
3	Kuwait	2	7	5
4	Morocco	4	6	2
5	UAE	3	4	1
6	Oman	1	4	3
7	Egypt	5	4	(1)
8	Qatar	2	3	1
9	Jordan	4	3	(1)
10	Tunisia	4	3	(1)
11	Djibouti	6	3	(3)
12	Lebanon	0	1	1
13	Libya	0	0	0
14	Algeria	2	0	(2)
15	Iraq	0	0	0
16	Somalia	0	0	0
17	Yemen	0	0	0
18	Syria	0	0	0
19	Palestine	1	0	(1)
20	Sudan	5	(3)	(8)
AVERAGE		46	52	6

Source: The World Bank

Numbers in black in the change column reflect the increase in reforms, as numbers in red between two brackets show a drop in reforms.

Section 1: Changes in the Investment Climate in Arab Countries in 2020

Doing Business Reforms

Saudi Arabia: A wave of multiple reforms in eight fields

Saudi Arabia carried out eight reforms, the biggest number since the issuing of the first report, but it retreated in the paying taxes field.

1. **Starting a Business:** Saudi Arabia made starting a business easier by establishing a one-stop shop that merged several pre- and post-registration procedures. Saudi Arabia also eliminated the requirement for married women to provide additional documents when applying for a national identity card.
 2. **Dealing with Construction Permits:** Saudi Arabia made dealing with construction permits easier by launching an online platform and by enabling civil defense approval after the issuance of the building permit.
 3. **Getting Electricity:** Saudi Arabia made getting electricity easier by streamlining connection works and meter installation, by using a geographic information system to review new electrical connection requests and by no longer requiring certificates of completion.
 4. **Getting Credit:** Saudi Arabia strengthened access to credit by introducing a secured transactions law and an insolvency law. The new laws provide secured creditors with absolute priority inside bankruptcy, allow all types of debts and obligations to be secured between the parties and allow out-of-court enforcement of security interests.
 5. **Protecting Minority Investors:** Saudi Arabia strengthened minority investor protections by increasing access to evidence at trial.
 6. **Trading across Borders:** Saudi Arabia made importing and exporting faster by enhancing its electronic trade single window, enabling risk-based inspections, launching an online platform for certification of imported goods and upgrading infrastructure at the Jeddah Port
 7. **Enforcing Contracts:** Saudi Arabia made enforcing contracts easier by publishing court performance measurement reports and information on the progress of cases through the court.
 8. **Resolving Insolvency:** Saudi Arabia made resolving insolvency easier by introducing a reorganization procedure, allowing debtors to initiate the reorganization procedure, improving voting arrangements in reorganization, improving the continuation of businesses and the treatment of contracts during insolvency proceedings, allowing post-commencement credit, and increasing the participation of creditors in the insolvency proceedings.
- **Paying Taxes:** Saudi Arabia introduced a value added tax.

Kuwait launched a wave of ambitious reforms in seven fields

1. **Starting a Business:** Kuwait made starting a business easier by merging procedures to obtain a commercial license and streamlining the online company registration.
2. **Dealing with Construction Permits:** Kuwait made dealing with construction permits easier by streamlining its permitting process, integrating additional authorities in its electronic permitting platform, enhancing inter-agency communication and reducing the time to obtain a construction permit.
3. **Getting Electricity:** Kuwait made getting electricity easier by digitizing the application process, streamlining connection works and meter installations and using a geographic information system to review connection requests.
4. **Registering Property:** Kuwait made property registration easier by streamlining the inspection process and property registration. Kuwait also improved the quality of its land administration system by publishing official service standards on property transfers.
5. **Getting Credit:** Kuwait improved access to credit information by guaranteeing borrowers the legal right to inspect their credit data and offering credit scores as a value-added service to banks and financial institutions.
6. **Protecting Minority Investors:** Kuwait strengthened minority investor protections by providing a 21-day notice for general assembly meetings.
7. **Trading across Borders:** Kuwait made trading across borders easier by improving the customs risk management system and by implementing a new electronic clearance system.

The UAE leads the general index and maintains reforms

1. **Starting a Business:** The United Arab Emirates made starting a business less expensive by reducing the fees for business incorporation.
2. **Dealing with Construction Permits:** The United Arab Emirates made dealing with construction permits easier by reducing the number of inspections using a risk-based approach.
3. **Protecting Minority Investors:** The United Arab Emirates increased minority investor protections by providing for disqualification of directors in cases of prejudicial conflicts of interest.
4. **Paying Taxes:** The United Arab Emirates introduced a value added tax.
5. **Trading across Borders:** The United Arab Emirates made trading across borders easier by reducing the time to export by fully digitizing certificates of origin and the cost to import by issuing certificates of conformity that cover multiple shipments.

Doing Business Reforms

Bahrain implemented reforms in nine fields

1. **Dealing with Construction Permits:** Bahrain made obtaining construction permits easier by further streamlining the application process through the new Benayat online platform, and by delegating the application review process to licensed engineering firms.
2. **Getting Electricity:** Bahrain made the process of getting electricity easier by investing in digitization and transparency of information and by improving its inspection and installation process.
3. **Registering Property:** Bahrain made property registration easier by streamlining administrative procedures and improving the quality of the land administration system.
4. **Getting Credit:** Bahrain strengthened access to credit by giving secured creditors absolute priority during insolvency proceedings. During reorganization proceedings, creditors are also now subject to an automatic stay that is limited in time with clear grounds for relief.
5. **Protecting Minority Investors:** Bahrain strengthened minority investor protections by clarifying ownership and control structures.
6. **Paying Taxes:** Bahrain made paying taxes easier by introducing electronic payment of social insurance contributions.
7. **Trading across Borders:** Bahrain made trading across borders faster by establishing differentiated lanes for border crossing at King Fahad Causeway.
8. **Enforcing Contracts:** Bahrain made enforcing contracts easier by creating a specialized commercial court, establishing time standards for key court events and allowing electronic service of the **summons**.
9. **Resolving Insolvency:** Bahrain made resolving insolvency easier by introducing a reorganization procedure, allowing debtors to initiate the reorganization procedure, adding provisions on post-commencement financing, and improving voting arrangements.

Egypt: Facilities for starting business, getting electricity, protecting investors and paying taxes

1. **Starting a business:** Egypt made starting business easier by abolishing the requirement to obtain a certificate of non-confusion and improving its one-stop shop.
2. **Getting Electricity:** The Arab Republic of Egypt improved the reliability of electricity supply by implementing automated systems to monitor and report power outages.
3. **Protecting Minority Investors:** The Arab Republic of Egypt strengthened minority investors protections by requiring shareholder approval when listed companies issue new shares.
4. **Paying Taxes:** Egypt made paying taxes easier by introducing an online system for filing and payment of corporate income tax and value added tax.

Djibouti implements reforms in three indicators

1. **Getting Credit:** Djibouti strengthened access to credit by implementing a functional secured transactions system and a unified notice-based collateral registry.
2. **Protecting Minority Investors:** Djibouti strengthened minority investor protections by increasing corporate transparency.
3. **Resolving Insolvency:** Djibouti made resolving insolvency easier by facilitating the commencement of proceedings and increasing the effectiveness of court processes.

Morocco implements reforms in six fields

1. **Dealing with Construction Permits:** Morocco made dealing with construction permits easier by improving its online platform and further streamlining the process, making it possible to apply for and obtain certificates of conformity online.
2. **Getting Electricity:** Morocco made getting electricity easier by generalizing online applications for new connections and expanding the use of pre-built transformers.
3. **Protecting Minority Investors:** Morocco strengthened minority investor protections by expanding shareholders' role in major transactions, promoting independent directors, increasing transparency on directors' employment in other companies, and making it easier to request general meetings.
4. **Paying Taxes:** Morocco made paying taxes less costly by reducing the corporate income tax rate.
5. **Trading across Borders:** Morocco made trading across borders faster by introducing e-payment of port fees, streamlining paperless customs clearance and extending hours of port operation.
6. **Enforcing Contracts:** Morocco made enforcing contracts easier by introducing an automated system that randomly assigns cases to judges and by publishing court measurement performance reports.
- **Registering Property:** Morocco made property registration faster by reducing the time to obtain a non-encumbrance certificate. Morocco also made property registration less transparent by not publishing statistics on the number of property transactions and land disputes for the previous calendar year.

Lebanon made enforcing contracts easier by adopting a law that regulates all aspects of mediation as an alternative dispute resolution mechanism

Doing Business Reforms

DOING BUSINESS

Oman implements reforms in four sub-indexes

1. **Getting Electricity:** Oman made getting electricity faster by investing in pre-paid meters and enforcing service delivery time frames.
2. **Registering Property:** Oman made registering property faster by reducing the time to issue deeds and improved its land administration system by publishing official service standards on property transfers.
3. **Protecting Minority Investors:** Oman strengthened minority investor protections by increasing shareholder rights and clarifying ownership and control structures.
4. **Trading across Borders:** Oman made importing and exporting faster by upgrading infrastructure at the Sohar Port as well as introducing risk-based inspections and post-clearance audits.

Jordan offers facilities

and new law for insolvency cases

1. **Getting Credit:** Jordan strengthened access to credit by introducing a new secured transactions law, amending the insolvency law and launching a unified, modern and notice-based collateral registry. The secured transactions law broadened the description of debts and obligations and the scope of assets usable as collateral. The amended insolvency law grants secured creditors absolute priority and provides a time limit and clear grounds for relief from automatic stays during reorganization procedures. Jordan also improved access to credit information by providing credit scores to banks, financial institutions and borrowers.
2. **Paying Taxes:** Jordan made paying taxes easier by introducing electronic filing and payment for labor taxes and other mandatory contributions.
3. **Resolving Insolvency:** Jordan made resolving insolvency easier by introducing a reorganization procedure, by allowing debtors to initiate the reorganization procedure, and by improving the continuation of businesses and the treatment of contracts during insolvency proceedings.

Mauritania makes reforms for enforcing contracts and getting credit

1. **Getting Credit:** Mauritania improved access to credit information by launching a new credit reporting system, distributing both positive and negative data and offering credit scores to banks and financial institutions.
2. **Enforcing Contracts:** Mauritania made enforcing contracts easier by introducing a simplified procedure for small claims, setting time standards for key court events, and limiting adjournments. Mauritania also adopted a law that regulates all aspects of mediation as an alternative dispute resolution mechanism.

Qatar: facilities for getting credit and electricity and registering property

1. **Getting Electricity:** Qatar made getting electricity faster by reducing the time for processing online applications for a new connection.
2. **Registering Property:** Qatar made property registration easier by streamlining property registration procedures. Qatar also improved the quality of its land administration system by publishing official service standards on property transfers and court statistics on land disputes for the previous calendar year.
3. **Getting Credit:** Qatar improved access to credit information by reporting credit data from a telecommunications company.

Tunisia streamlines starting business, registering property and paying taxes

1. **Starting a Business:** Tunisia made starting a business easier by merging more services into the one-stop shop and by reducing fees.
2. **Registering Property:** Tunisia made property registration faster by streamlining the internal process to transfer property. Tunisia also increased the transparency of the land administration by publishing statistics tracking property transactions at the Land Registry for the previous calendar year.
3. **Paying Taxes:** Tunisia made paying taxes easier by implementing a risk-based tax audit system.

Sudan retreats in three fields

1. **Getting Electricity:** Sudan decreased the reliability of power supply by not collecting and reporting data on the frequency and duration of power outages as measured by the SAIDI and SAIFI indices.
2. **Getting Credit:** Sudan weakened access to credit by removing provisions that grant priority to secured creditors' claims inside bankruptcy procedures and provide for reorganization procedures.
3. **Resolving Insolvency:** Sudan made resolving insolvency more difficult by worsening the treatment of contracts during insolvency proceedings and weakening creditors' rights.

Section 1: Changes in the Investment Climate in Arab Countries in 2020

The rankings of Arab countries in the doing business Indexes

Rank of Arab countries in the global index of doing business and its sub-indicators - year 2020

Arab ranking	Country	Global index	Starting a Business	Dealing with Construction Permits	Enforcing Contracts	Getting Credit	Getting Electricity	Paying Taxes	Protecting Minority Investors	Registering Property	Resolving Insolvency	Trading across Borders
1	UAE	16	17	3	9	48	1	30	13	10	80	92
2	Bahrain	43	67	17	59	94	72	1	51	17	60	77
3	Morocco	53	43	16	60	119	34	24	37	81	73	58
4	Saudi Arabia	62	38	28	51	80	18	57	3	19	168	86
5	Oman	68	32	47	69	144	35	11	88	52	97	64
6	Jordan	75	120	138	110	4	69	62	105	78	112	75
7	Qatar	77	108	13	115	119	49	3	157	1	123	101
8	Tunisia	78	19	32	88	104	63	108	61	94	69	90
9	Kuwait	83	82	68	74	119	66	6	51	45	115	162
10	Djibouti	112	123	87	144	132	121	133	103	117	44	147
11	Egypt	114	90	74	166	67	77	156	57	130	104	171
12	Palestine	117	173	148	123	25	86	112	114	91	168	54
13	Lebanon	143	151	164	131	132	127	116	114	110	151	153
14	Mauritania	152	49	109	48	132	166	177	147	103	168	144
15	Algeria	157	152	121	113	181	102	158	179	165	81	172
16	Comoros	160	158	101	179	132	136	168	162	113	168	120
17	Sudan	171	157	124	148	176	162	164	153	95	152	185
18	Iraq	172	154	103	147	186	131	131	111	121	168	181
19	Syria	176	143	186	160	176	160	91	97	162	158	178
20	Libya	186	164	186	145	186	142	130	183	187	168	129
21	Yemen	187	156	186	143	186	187	89	162	86	159	188
22	Somalia	190	188	186	116	186	187	190	190	153	168	166
	Arab average	118	108	97	109	124	100	96	106	92	125	127

Source: The World Bank

worse than the Arab average

Close to the Arab average

Better than the Arab average

Section 1: Changes in the Investment Climate in Arab Countries in 2020

Major required reforms

The average rankings of Arab countries, which hit 118, are still less than the world average of 95, so urgent and comprehensive reforms are required in most of the countries

Despite the slight improvement in the Arab ranking in the Doing Business index, the average ranking of the region's countries, which hit 118, is still less than the world average of 95. In this context, Arab countries are divided into three main groups just as ranked in the general index and according to required reforms in sub-indexes.

Topping the Arab ranking, the UAE comes 16th in the world ranking, followed by Bahrain (43) and Morocco (53)

The first group (nine countries), with rankings being higher than the world average

- **It includes:** the UAE, Bahrain, Morocco, Saudi Arabia, Oman, Jordan, Qatar, Tunisia and Kuwait respectively. Their world rankings ranged between 16 and 83.
- **Required reforms:** In spite of relative advance, some countries of this group need to make urgent reforms in some fields. For instance, reforms in Resolving Insolvency are required in Saudi Arabia, reforms in Getting Credit in Oman and Morocco, reforms in Dealing with Construction Permits in Jordan, reforms in Protecting Minority Investors in Qatar, reforms in Paying Taxes and Getting Credit in Tunisia and reforms in Trade across Borders in Kuwait.

The second group (three countries), with rankings being slightly less than the world average.

- **It comprises:** Djibouti, Egypt and Palestine respectively and its global rankings range between 112 and 117.
- **Required reforms:** The group's countries need to make reforms at higher rates than the first group. For example, Djibouti needs reforms in six indicators, chiefly Trade across Borders, Enforcing Contracts, Paying Taxes and getting credit, while Egypt has to reform its procedures for Trade across Borders, Enforcing Contracts, Paying Taxes and Registering Property. Palestine needs to make significant reforms in Starting a Business, Resolving Insolvency and Dealing with Construction Permits.

The third group (10 countries), with rankings being much less than the world average

- It comprises Lebanon, Mauritania, Algeria, Comoros, Sudan, Iraq, Syria, Libya, Yemen and Somalia respectively. Their global rankings range between 143 and 190.
- **Required reforms:** The group's countries have to make deep reforms in all indicators, excluding some indicators which see good performance in some countries like Starting a Business and Enforcing Contracts in Mauritania and Resolving Insolvency in Algeria.

- The UAE still tops the world rankings of Arab countries (16), followed by Bahrain (43) and Morocco (53).
- With continuing political events, Iraq comes 172nd, Syria (176th), Libya (186th), Yemen (187th) and Somalia (190th), which are the lowest rankings in the region.
- Arab economies performed well in Registering Property (92nd ranking), Paying Taxes (96th) and Dealing with Construction Permits (97th).
- The Contracting with the Government measures the efficiency, quality and transparency of the procurement system in the world. It will be added to the 2021 report.

Section 1: Changes in the Investment Climate in Arab Countries in 2020

E-government Knowledgebase



UN E-Government Knowledgebase

The general average of the ratings of Arab countries in the index

Stabilized at 116 for the years 2018 and 2020

- The e-government development study is released by the United Nations every two years for assessing the digital growth of the governments of all member states, and reviews information and communication technologies used to offer better and faster public services to the society.
- The main report covers 193 countries and measures e-government development through three main indicators: provision of online services, telecommunications connectivity and human capacity.
- The index monitors several significant changes in the improvement of the investment climate and economic and social development in general, mainly online services, telecommunications connectivity and human capacity.

The E-Government Development Index in 2020 shows the following findings:

- The general average of the rankings of Arab countries in the index falls by one place from 115 in 2018 to 116 in 2020.
- The rankings of 12 Arab countries improved; mainly Syria, which advanced 21 places, followed by Oman and Yemen (13 places) Iraq (12), Algeria and Sudan (10), Saudi Arabia (9), Mauritania (7), Comoros (5) and Egypt (3).
- The UAE maintained its lead in the Arab ranking and remained in the world's 21st position, followed by Bahrain (2 in the Arab region and 38 globally) and Saudi Arabia (3 in the Arab region and 43 globally).
- The rankings of seven Arab countries dropped; mainly Lebanon (28 places), Libya (22), Jordan (19), Qatar (15), Bahrain (12), Tunisia (11) and Kuwait (5).
- New experiments emerged for using emerging technologies to improve governmental services and boosting e-participation. Digital transformation has become part of national development plans for many Arab countries.

Digital transformation, e-participation and emerging technologies have become part of national development plans for many Arab countries

Change in the position of Arab countries in the E-Government Development Index

Rank 2020	Country	2018	2020	change
1	UAE	21	21	0
2	Bahrain	26	38	(12)
3	Saudi Arabia	52	43	9
4	Kuwait	41	46	(5)
5	Oman	63	50	13
6	Qatar	51	66	(15)
7	Tunisia	80	91	(11)
8	Morocco	110	106	4
9	Egypt	114	111	3
10	Jordan	98	117	(19)
11	Algeria	130	120	10
12	Lebanon	99	127	(28)
13	Syria	152	131	21
14	Iraq	155	143	12
15	Libya	140	162	(22)
16	Sudan	180	170	10
17	Yemen	186	173	13
18	Mauritania	183	176	7
19	Comoros	182	177	5
20	Djibouti	179	179	0
21	Somalia	193	191	2
Average		116	116	(0)

Source: The UN, the 2020 E-Government Survey

Numbers in black reflect the improvement of countries' rankings, while numbers in red between two brackets show a drop of countries' rankings

Section 1: Changes in the Investment Climate in Arab Countries in 2020

FDI Regulatory Restrictiveness Index

Foreign Direct Investment Regulatory Restrictiveness Index

Released by the Organization for Economic Cooperation and Development (OECD) since 2003, the Foreign Direct Investment (FDI) Regulatory Restrictiveness Index gauges the restrictiveness of a country's foreign direct investment (FDI) rules in 43 economic sectors including agriculture and fishing, mining and oil, manufacturing, food and chemicals, minerals and machinery, electricity and electronics, transportation equipment, power generation and distribution, construction, retailing and wholesale, transportation, maritime transport, hotels and restaurants, media, communications, financial and banking services and insurance, business services, accounting and auditing services, legal and engineering consulting and real estate investment. The index gauges FDI restrictiveness rules in 84 countries by looking at four main types: foreign equity restrictions, discriminatory screening or approval mechanisms, restrictions on key foreign personnel and operational restrictions, e.g. restrictions on branching and on capital repatriation or on land ownership. Although the index determines a country's attractiveness of foreign investors, it is not a complete gauge of a country's investment climate as there are several other factors that affect a country's ability to attract investment.

The following are major changes in the setting of Arab countries listed in the Foreign Direct Investment Regulatory Restrictiveness Index in 2020:

- The average ranking of Arab countries in the index stood at 69th in 2020, which is a relatively lower ranking that reflects comparative high restrictions on foreign direct investment, particularly in the almost lowest-ranked countries.
- Out of nine Arab countries listed in the index, the ranking of seven countries remained stable, while Egypt lost five spots and Jordan two spots.
- FDI restrictions are often imposed on primary sectors like mining, fishing, agriculture, media and transportation.
- The sectors of food, mining, machinery, electricity, electronics, tools, transport equipment, manufacturing, oil and chemicals are subject to less regulatory restrictions in the nine countries.
- 58 % of sectors in Morocco are not subject to regulatory restrictions, compared with 26% in Tunisia, 19% in Palestine and 5% in Lebanon.

The sectors of air and maritime transport, real estate, media, wholesale and retailing and transportation are hit hard by regulatory restrictions on average

The average ranking of nine Arab countries listed in the index stood at 69th in 2020 despite the improvement of the value

Morocco, Egypt, Lebanon and Tunisia topped the Arab ranking respectively

The situation of Arab countries in the Foreign Direct Investment Regulatory Restrictiveness Index

2020 Ranking	Country	2019		2020		Change
		Ranking	value	Ranking	value	
1	Morocco	42	0.067	42	0.067	0
2	Egypt	53	0.094	56	0.117	(3)
3	Lebanon	65	0.148	65	0.148	0
4	Tunisia	69	0.174	69	0.174	0
5	Saudi arabia	73	0.214	73	0.211	0
6	Jordan	74	0.220	76	0.220	(2)
7	Algeria	83	0.587	80	0.268	3
8	Palestine	82	0.388	80	0.388	2
9	Libya	84	0.713	84	0.713	0
Average		69	0.289	69	0.256	0

Source: The Organization for Economic Cooperation and Development (OECD)

Numbers in black reflect the improvement of countries' rankings, while numbers in red between two brackets show a drop of countries' rankings

Section 1: Changes in the Investment Climate in Arab Countries in 2020

Sovereign Ratings

The position of Arab countries in Sovereign Ratings saw mixed changes during 2020 due to the novel Coronavirus and relevant lockdown measures, in addition to political and economic changes in some countries of the region. Such major changes come as follows:

- Only seven Arab countries, notably Qatar, Kuwait, Saudi Arabia, Morocco, Oman, Jordan, Bahrain and Egypt were rated by all main credit rating agencies in the world: Standard & Poor's, Moody's, Fitch Solutions, Capital Intelligence and HIS Markit.
- Among 17 Arab countries rated by at least one agency, 13 countries dropped in 2020 ratings (colored in red in the table).
- The UAE is the only Arab country that maintained its ratings and outlook in 2020.
- Only IHS affirmed Qatar's rating with outlook changing from stable to negative.
- Moody's and Fitch affirmed Saudi Arabia's stable rating, while downgrading its outlook.
- Five Arab countries, notably Algeria, Libya, Yemen, Sudan and Syria, were only rated by IHS.
- Standard & Poor's did not rate Lebanon in 2020, while the UAE's rating was updated by Fitch in 2020.

FitchRatings MOODY'S STANDARD & POOR'S

**13 Arab countries
dropped in ratings or
outlooks in 2020 by at
least one agency**

**The UAE is the only
Arab country that
maintained its rating
and outlook in 2020**

Sovereign Credit Rating

Sovereign Credit Rating is an independent assessment of the creditworthiness of a country by specialized international agencies in order to give markets and investors insights into the level of risk associated with investing in the debt of a particular country.

At the request of the country, a credit rating agency evaluates its economic and political environment in order to assign it a rating. Obtaining a good sovereign credit rating is usually essential for developing countries that want to obtain funding in international markets.

Standard & Poor's, Moody's and Fitch Ratings are the three most influential rating agencies, followed by Capital Intelligence and HIS.

Credit rating degrees

AAA	high credit worthiness and high capacity to repay (the highest)
AA	high quality level and very low risk
A	high capacity to repay and low risk
BBB	enough capacity to repay
BB	likelihood of repaying with risk
B	likelihood of default with high risk
CCC	high chance of default
CC	the highest degree of risk and non-payment
C	very high risk
D	default and risks of bankruptcy (the lowest credit rating)



Section 1: Changes in the Investment Climate in Arab Countries in 2020

Sovereign rating indexes



IHS Markit



The UAE, Qatar, Kuwait and Saudi Arabia top Arab rating with rating A

The Arab countries were rated in descending order in line with the ratings of Moody's and HIS, and were divided into three groups.

- The first group, which led the ratings, includes the UAE, Qatar, Kuwait and Saudi Arabia respectively; all having rating A with different levels.
- The second group comprises Morocco, Oman, Jordan, Bahrain, Egypt, Tunisia, and Algeria, respectively; all having rating B with different levels.
- The third group includes Lebanon, Libya, Iraq, Yemen, Sudan and Syria; all having rating C with different levels.

Morocco, Oman,
Jordan, Bahrain, Egypt,
Tunisia, Algeria,
Lebanon, Libya and
Iraq get rating B

Change in the sovereign assessments of Arab countries by the most important international agencies

R	Country	Standard & Poor's				Moody's				Fitch				Capital Intelligence				IHS			
		2019		2020		2019		2020		2019		2020		2019		2020		2019		2020	
1	UAE	-	-	-	-	Aa2	stable	Aa2	stable	-	-	AA-	stable	AA-	stable	AA-	stable	AA-	stable	AA-	stable
2	Qatar	AA-	stable	AA-	stable	Aa3	stable	Aa3	stable	AA-	stable	AA-	stable	AA-	stable	AA-	stable	A+	stable	A+	negative
3	Kuwait	AA	stable	AA-	negative	Aa2	stable	A1	stable	AA	stable	AA	stable	AA-	stable	AA-	stable	AA-	stable	AA-	stable
4	Saudi Arabia	A-	stable	A-	stable	A1	stable	A1	negative	A	stable	A	negative	A+	stable	A+	stable	AA-	stable	A+	stable
5	Morocco	BBB-	stable	BBB-	negative	Ba1	stable	Ba1	stable	BBB-	stable	BBB-	negative	-	-	-	-	BBB	stable	BBB	stable
6	Oman	BB	negative	B+	stable	Ba1	negative	Ba3	negative	BB+	stable	BB-	negative	BBB-	stable	BBB-	negative	BBB-	negative	BB-	negative
7	Jordan	B+	stable	B+	stable	B1	stable	B1	stable	BB-	stable	BB-	negative	B+	stable	B+	stable	BB+	stable	BB+	stable
8	Bahrain	B+	positive	B+	stable	B2	stable	B2	stable	BB-	stable	B+	stable	BB	negative	BB-	negative	BB+	stable	BB-	negative
9	Egypt	B	stable	B	stable	B2	stable	B2	stable	B+	stable	B+	stable	B+	stable	B+	stable	B+	positive	B+	stable
10	Tunisia	-	-	-	-	B2	negative	B2	negative	B+	negative	B	negative	-	-	-	-	BB-	negative	B+	negative
11	Algeria	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	BB+	negative	B+	negative
12	Lebanon	CCC	negative	-	-	Caa2	-	C	-	CC	-	C	-	C+	negative	SD	-	B-	negative	CC	negative
13	Libya	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	B-	stable	CC	negative
14	Iraq	B-	stable	B-	stable	Caa1	stable	Caa1	stable	B-	stable	B-	negative	-	-	-	-	BB-	stable	CC+	stable
15	Yemen	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	CC	stable	CC	stable
16	Sudan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	CC	negative	CC	negative
17	Syria	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	C	stable	C	stable

Source: World sovereign rating agencies

Section 1: Changes in the Investment Climate in Arab Countries in 2020

Fitch Solutions Index for Country Risk



The UAE, Saudi Arabia, Qatar, Kuwait, Oman and Bahrain top Arab rating respectively

The Country Risk Index (CRI), released by Fitch Solutions, measures the relative strength of the basics of 200 countries around the world and the risk of a shock through three risk dimensions: economic, political and operational. It quantifies the business environment quality in four fields: labor market, trade and investment, logistics, and crime and security. The CRI's sub-indexes allow users to focus on relevant risks.

The 2020 CRI shows the following findings for Arab countries:

- The Gulf Cooperation Council (GCC) countries topped the Arab rating, with the UAE coming 30th, Saudi Arabia (43rd), Qatar (50th), Kuwait (51st), Oman (54th) and Bahrain (65th).
- The ratings of Morocco (80th), Jordan (95th) and Egypt (96th) were higher than the world average.

Egypt, Jordan and Iraq are among the top five performers in several sub-indexes

12 Arab countries' ratings are below the world average between 125 and 197

- 12 Arab countries' ranking was below the world average, between 125 (Tunisia) and 197 (Yemen).
- Remarkably, Egypt, Jordan and Iraq were among the top five performers in a number of sub-indexes.
- The UAE, Bahrain, Qatar, Saudi Arabia, Oman and Jordan topped the operational risk index respectively.

The position of Arab countries in Fitch Risk Index - year 2020								
Arab Ranking	Country	Global Ranking	Country Risk Index	Short-term political risks	Long-term political risks	Short term economic risks	Long-term economic risks	Operational risk Index
1	UAE	30	72	86.7	78.4	61.9	59.5	73.2
2	Saudi Arabia	43	67	72.9	60.9	69.6	65.4	65.4
3	Qatar	50	64	81.0	70.1	49.6	54.6	65.5
4	Kuwait	51	64	78.3	66.4	65.8	62.3	56.0
5	Oman	54	64	79.2	72.1	51.5	48.4	65.3
6	Bahrain	65	61	73.8	61.2	47.3	44.0	69.1
7	Morocco	80	57	64.8	69.9	46.7	47.4	55.7
8	Jordan	95	55	56.0	71.1	40.4	45.8	57.2
9	Egypt	96	54	60.4	58.7	53.3	54.4	49.7
10	Tunisia	125	49	52.3	68.4	38.8	39.9	48.2
11	Algeria	145	46	45.4	56.7	47.3	48.5	39.9
12	Djibouti	164	42	62.7	55.8	30.0	35.6	34.0
13	Lebanon	166	42	38.5	52.0	35.2	35.3	45.2
14	Mauritania	170	40	48.5	44.8	36.9	43.4	33.1
15	Iraq	172	40	35.4	39.6	51.7	43.8	33.6
16	Palestine	181	36	29.6	39.7	37.9	33.8	36.6
17	Libya	184	34	33.8	20.2	45.8	40.7	31.3
18	Somalia	192	30	29.0	28.5	31.3	41.3	25.8
19	Syria	193	30	28.8	23.7	34.4	32.2	31.4
20	Sudan	195	29	24.2	33.0	21.9	35.0	30.8
21	Yemen	197	27	19.0	29.4	35.4	30.1	23.6

Source: Fitch Solutions, 2020



Section 1: Changes in the Investment Climate in Arab Countries in 2020



PRS Country Risk Index

The average ranking of Arab countries in 2020 went down from 88 to 97, which is below the global average.

The Political Risk index (PRI), released by the Political Risk Services (PRS), measures the political, financial and economic risks of 140 countries. Being one of the most comprehensive and deepest indexes, the political risk sub-index monitors government stability, army involvement in politics, social and economic conditions, religious tensions, investment, rule of law, order, internal conflicts, racial tensions, external conflicts, accountability and democracy, corruption and bureaucracy.

The financial risk sub-index is based on such components as the total foreign debt as a percentage of the gross domestic product, the debt service as a percentage of commodity exports and services, the current account as a percentage of commodity exports and services, international liquidity as months of covering and imports, exchange rate stability and the change percentage.

The economic risk sub-index is based on a set of components: the per capita income average of the per capita GDP, the real growth rate of the GDP, the annual inflation rate, budget asset as a percentage of the GDP and the current account as a percentage of the GDP. The following are major changes in the 2020 Arab rankings:

- The average ranking of Arab countries in 2020 went down from 88 to 97, which is below the global average.
- The UAE (27th), Qatar (30th), Saudi Arabia (39th), Kuwait (57th) and Oman (66th) led the Arab ranking.
- The ranking of 13 Arab countries (in red in the changing column) in 2020 dropped. Libya bore the brunt by losing 40 places, and then came Kuwait (31 places), Iraq (18 places), Egypt (16 places) and Morocco (13 places)
- The ranking of four Arab countries improved, with Saudi Arabia and Bahrain advancing by three places, Qatar by two places and Jordan by one place.

Five Gulf countries, mainly the UAE, led the Arab ranking as 13 nations, chiefly Libya, lost places in 2020

The position of Arab countries in the PRS composite risk index.

Ranking 2020	Country	2019	2020	change
1	UAE	23	27	(4)
2	Qatar	32	30	2
3	Saudi Arabia	42	39	3
4	Kuwait	26	57	(31)
5	Oman	62	66	(4)
6	Morocco	73	86	(13)
7	Bahrain	91	88	3
8	Jordan	98	97	1
9	Egypt	85	101	(16)
10	Tunisia	101	111	(10)
11	Libya	75	115	(40)
12	Algeria	110	117	(7)
13	Iraq	106	124	(18)
14	Lebanon	125	134	(9)
15	Somalia	133	135	(2)
16	Yemen	132	136	(4)
17	Syria	134	138	(4)
18	Sudan	140	140	0
Average		88	97	(9)

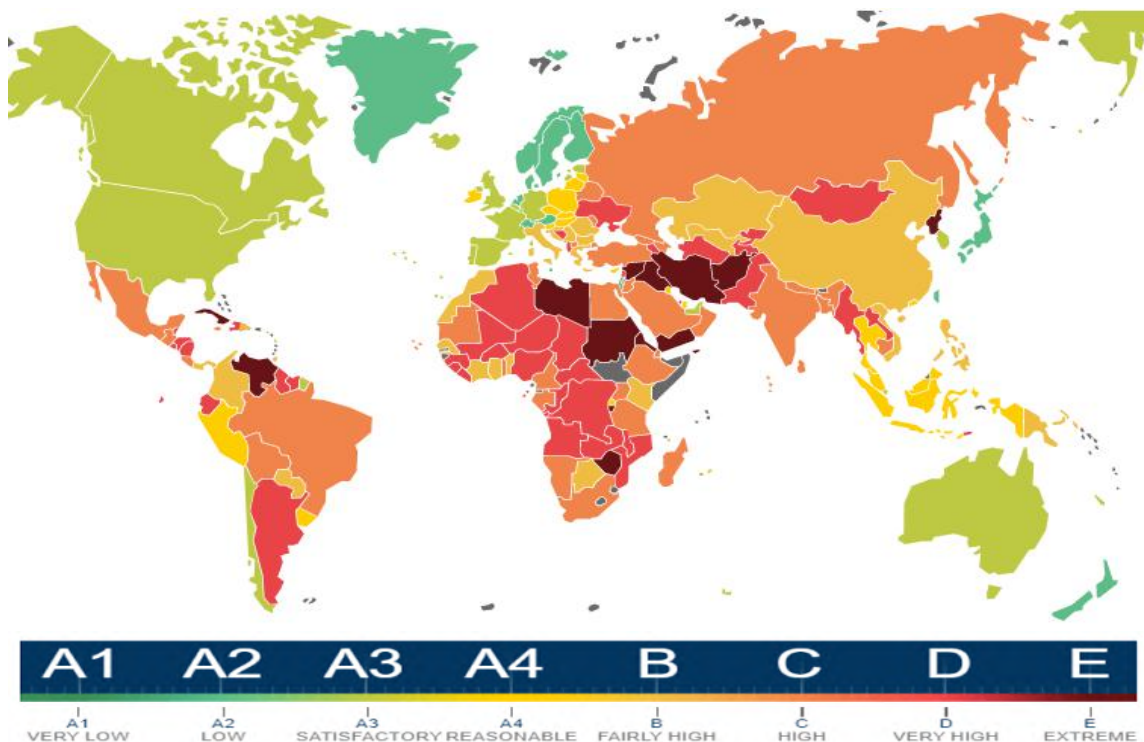
Source: PRS Group, 2020

Numbers in black reflect the improvement of countries' rankings, while numbers in red between two brackets show a drop of countries rankings

The ranking of four Arab countries improved, with Saudi Arabia and Bahrain advancing by three places, Qatar by two places and Jordan by one place

Section 1: Changes in the Investment Climate in Arab Countries in 2020

Coface Index

FOR TRADE


The UAE,
Qatar and
Kuwait top the
Arab ranking
with rating A

The index assesses 160 countries on the basis of macroeconomic, financial and political data. It provides an estimate of the average credit risk on a country's businesses. This is an invaluable tool, giving an indication of a country's potential influence on businesses' financial commitments, using a eight-level ranking. In ascending order of risk, these are: A1, A2, A3, A4, B, C, D and E.

The rankings of Arab countries in the report in 2019 and 2020 come as follows:

- The 2020 ranking of seven Arab countries, notably Kuwait, Morocco, Oman, Egypt, Bahrain, Algeria and Syria, went down.
- Of 19 listed Arab countries, 12 countries maintained their 2019 rating.
- The UAE, Qatar and Kuwait were rated A with different degrees, while Morocco was the only Arab country which was rated B.
- Saudi Arabia, Jordan, Tunisia, Djibouti, Oman, Lebanon and Egypt were rated C.
- Bahrain, Algeria and Mauritania were rated D, while the remaining countries were rated E.

The rankings of seven Arab countries, notably Kuwait, Morocco, Oman, Egypt, Bahrain, Algeria and Syria, fell in 2020

The position of the Arab countries in Coface Risk Index

Ranking 2020	Country	2019	2020
1	UAE	A4	A4
2	Qatar	A4	A4
3	Kuwait	A3	A4
4	Morocco	A4	B
5	Saudi Arabia	C	C
6	Jordan	C	C
7	Tunisia	C	C
8	Djibouti	C	C
9	Oman	B	C
10	Lebanon	C	C
11	Egypt	B	C
12	Bahrain	C	D
13	Algeria	C	D
14	Mauritania	D	D
15	Sudan	E	E
16	Iraq	E	E
17	Yemen	E	E
18	Syria	C	E
19	Libya	E	E

Source: Coface, 2020

Section 1: Changes in the Investment Climate in Arab Countries in 2020

Euler Hermes Index



Egypt, Bahrain, Jordan, Oman, Algeria and Tunisia were rated C with different degrees

The Country Risk Rating by Euler Hermes measures the risk of non-payment by companies in a given country. The risk is due to conditions or events outside any company's control. The overall evaluation is made of two elements:

1- Country Grade: It is a medium-term assessment ranking from AA (lowest risk) to D (highest risk). It consists of three scores:

- **The Macroeconomic Rating (ME):** based on the analysis of the structure of the economy, budgetary and monetary policy, indebtedness, the external balance, the stability of the banking system and the capacity to respond effectively to (emerging) weaknesses;
- **The Structural Business Environment Rating (SBE):** measures the perceptions of the regulatory and legal framework, control of corruption and relative ease of doing business; and
- **The Political Risk Rating (P):** which is based on the analysis of mechanisms for transferring and concentration of power, the effectiveness of policy-making, the independence of institutions, social cohesion, and international relations.

2-The Short-Term Rating (Country Risk Level): identifies more immediate threats by focusing on the direction of economic output in the next 6-12 months and those macroeconomic indicators that can signal imminent financial crisis as a result of a disruption to financing flows. It is measured on a four-level scale running from 1 to 4, in which 1 is the lowest risk level and 4 is the highest risk level.

The Short-Term Rating is the combination of two indicators:

- **The Financial Flows Indicator (FFI):** a measure of short-term financing risks for an economy that can impact payments of trade receivables between companies.
- **The Cyclical Risk Indicator (CRI):** which measures the short-term disruptions in demand, and macroeconomic and insolvency forecasts.

The following is the ranking of Arab countries in the index according to the March 2021 update:

- The UAE, Kuwait, Saudi Arabia, Qatar and Morocco came in the lead respectively with rating B with different degrees.
- No Arab country was rated AA or A until March 2021.
- Egypt, Bahrain, Jordan, Oman, Algeria and Tunisia were rated C with different degrees.
- Ten Arab countries, which are mostly affected by political and economic events and tensions, were rated D4.

The UAE, Kuwait, Saudi Arabia, Qatar and Morocco came in the lead respectively with rating B

The position of Arab countries in the Euler Hermes risk index

Ranking 2021	Country	Mar-21
1	UAE	BB2
2	Kuwait	B1
3	Saudi Arabia	B2
4	Qatar	B2
5	Morocco	B3
6	Egypt	C2
7	Bahrain	C3
8	Jordan	C3
9	Oman	C3
10	Algeria	C4
11	Tunisia	C4
12	Comoros	D4
13	Djibouti	D4
14	Iraq	D4
15	Lebanon	D4
16	Libya	D4
17	Mauritania	D4
18	Somalia	D4
19	Sudan	D4
20	Syria	D4
21	Yemen	D4

Source: Euler Hermes, 2021

Ten Arab countries, which are mostly affected by political and economic events and tensions, were rated D4

Section 1: Changes in the Investment Climate in Arab Countries in 2020

The Global Competitiveness Index (1)

The Global Competitiveness Report

Eight Arab countries, led by Kuwait, advanced, while four countries, mainly Lebanon, retreated in 2019

The Global Competitiveness Report, released by the World Economic Forum, measures the competitiveness of 141 countries and focuses on the fourth industrial revolution as a road to developing the competitiveness of countries. It is based on 12 pillars: Macroeconomic environment, technological readiness, goods market efficiency, infrastructure, institutions, market size, financial market development, business sophistication, innovation, labour market efficiency, education and training and health. These pillars include 103 indicators and variables. The index is based on statistical data (70 %) and surveys (30 %).

As the World Economic Forum suspended the 2020 ranking due to the novel Coronavirus pandemic, the 2018 and 2019 rankings are used as follows:

- Of 14 Arab countries monitored in the index, the Gulf countries and then Jordan came in the lead with good rankings that were better than the world average.
- Eight Arab countries advanced; topped by Kuwait (8 places), Bahrain (5 places), Saudi Arabia, Jordan and Algeria (3 places), the UAE (2 places) and Qatar and Egypt (one place).
- Four Arab countries lost places; mainly Lebanon (8 places), Oman (6 places), Mauritania (3 places) and Yemen (one place).

The position of Arab countries in the Global Competitiveness Index issued by the "World Economic Forum"

Arab Ranking	Country	2018	2019	change
1	UAE	27	25	2
2	Qatar	30	29	1
3	Saudi Arabia	39	36	3
4	Bahrain	50	45	5
5	Kuwait	54	46	8
6	Oman	47	53	(6)
7	Jordan	73	70	3
8	Morocco	75	75	0
9	Tunisia	87	87	0
10	Lebanon	80	88	(8)
11	Algeria	92	89	3
12	Egypt	94	93	1
13	Mauritania	131	134	(3)
14	Yemen	139	140	(1)
Average		73	72	1



IMD WORLD COMPETITIVENESS CENTER

The Global Competitiveness Index (2)

The Global Competitiveness Report, released by the Institute for Management Development (IMD), assesses the competitiveness of only four Arab countries in its annual index as follows:

- The 2020 index saw a drop in the performance of three countries; the UAE and Qatar (four places) and Jordan (one place), as Saudi Arabia advanced by two places.
- The three Gulf countries had good global ratings; the UAE (9th), Qatar (14th) and Saudi Arabia (34th).

The UAE and Qatar lose four places and Jordan drops one place, as Saudi Arabia advances by two places

The position of Arab countries in Global Competitiveness Index

issued by the International Institute for Management Development

Arab Ranking	Country	2019	2020	Change
1	UAE	5	9	(4)
2	Qatar	10	14	(4)
3	Saudi Arabia	26	24	2
7	Jordan	57	58	(1)
Average		24.5	26.3	(2)

Source: International Institute for Management Development, 2020

Numbers in black reflect the improvement of countries' rankings, while numbers in red between two brackets show a drop of countries' rankings

Section 1: Changes in the Investment Climate in Arab Countries in 2020

Worldwide Governance Indicators (WGI)

Worldwide Governance Indicators

The UAE, Qatar, Oman, Kuwait, Jordan, Bahrain and Saudi Arabia lead Arab ranking respectively

The Worldwide Governance Indicators (WGI), released by the World Bank, cover over 200 countries and territories, measuring six dimensions of governance: Voice and Accountability, Political Stability and Absence of Violence/Terrorism, Government Effectiveness, Regulatory Quality, Rule of Law, and Control of Corruption. The aggregate indicators are based on several hundred individual underlying variables, taken from a wide variety of existing data sources. The data reflect the views on governance of survey respondents and public, private, and NGO sector experts worldwide. They have been updated since 2002.

The following is the ranking of Arab countries in the index:

The UAE topped the Arab rankings in 5 indicators, Qatar shared the fore in the indicator of political stability and the absence of violence and terrorism, while Tunisia came at the fore in the indicator of voice and accountability.

- The UAE, Qatar, Oman, Kuwait, Jordan, Bahrain, Saudi Arabia, Tunisia, Morocco and Palestine topped the Arab ranking respectively with total values exceeding the world average.
- The UAE topped the Arab rankings in 5 indicators, Qatar shared the fore in the indicator of political stability and the absence of violence and terrorism, while Tunisia came at the fore in the indicator of voice and accountability.
- Arab countries made the best performance in the rule of law indicator, followed by the indicators of control of corruption, government effectiveness and regulatory quality.
- The voice and accountability indicator saw the lowest Arab performance on average, led by Tunisia, Lebanon, Morocco, Kuwait and Jordan.

Arab Ranking	Country	control of corruption	Government effectiveness	Political stability and absence of violence and terrorism	organizational quality	rules of law	Voice and accountability	Total
1	UAE	84	89	70	78	78	18	416
2	Qatar	79	75	70	74	75	14	388
3	Oman	67	63	67	64	71	17	349
4	Kuwait	51	53	54	58	61	29	306
5	Jordan	61	57	33	57	58	29	295
6	Bahrain	57	64	22	68	69	10	289
7	Saudi Arabia	63	64	30	52	59	6	273
8	Tunisia	53	49	17	36	56	57	267
9	Morocco	46	48	32	46	49	30	250
10	Palestine	47	23	5	57	34	21	186
11	Mauritania	20	35	26	22	29	25	157
12	Egypt	28	37	13	19	38	8	142
13	Djibouti	21	24	35	21	18	11	129
14	Lebanon	12	18	8	37	20	33	126
15	Algeria	29	34	14	8	21	20	125
16	Comoros	15	4	42	11	13	28	112
17	Iraq	9	10	2	10	4	23	56
18	Sudan	8	5	7	4	11	5	39
19	Libya	2	2	1	1	2	8	17
20	Yemen	2	0	0	4	3	4	14
21	Syria	1	3	0	3	1	1	11
22	Somalia	1	1	3	2	0	3	10
Arab average		34	34	25	33	35	18	180

Source: World Bank, 2020

Section 1: Changes in the Investment Climate in Arab Countries in 2020

The Global Innovation Index (GII)



The Global Innovation Index (GII), released by the World Intellectual Property Organization (WIPO), presents the latest global innovation trends and the annual innovation ranking of 131 countries, making up 94 % of the world's population and 97.4 % of the Gross Domestic Product (ppp). The GII relies on two sub-indices: the Innovation Input Sub-Index and the Innovation Output Sub-Index— each built around pillars.

- **The Innovation Input Sub-Index:** it is composed of five pillars that enable innovative activities: institutional environment, human capital, infrastructure, market and business environment.
- **The Innovation Output Sub-Index:** Innovation outputs are the results of innovative activities within the economy. Although the Output Sub-Index includes only two pillars, it has the same weight in calculating the overall GII scores as the Input Sub-Index.

Each pillar is divided into three sub-pillars, each consisting of individual indicators, with a total of 80 variables covering many economic, political, education, infrastructure and business development fields.

Based on the data of the thirteenth report for the year 2020, we draw the following conclusions.

- Innovation dropped in 2020 due to the Covid-19 crisis following growth in 2018 as a result of a rise of 5.2% in spending on research and development.
- The ranking of Arab countries dipped by two places from 80 in 2019 to 82 in 2020, which is below the world average.
- Five Arab countries improved in the index; notably Jordan and Tunisia (5 places), Saudi Arabia (2 places), the UAE (2 places) and Lebanon (one place).
- The UAE topped the Arab ranking and ranked 34th globally, followed by Tunisia (2nd in Arab ranking and 65th globally), Saudi Arabia (3rd in Arab ranking and 66th globally), Qatar (4th in Arab ranking and 70th globally) and Morocco (5th in Arab ranking and 75th globally).
- Among 13 Arab countries listed in the index, eight nations fell in their global ranking, with Kuwait bearing the brunt by losing 18 places, and then Algeria (8 places), Qatar (5 places), Oman and Egypt (4 places), Yemen (2 places), Morocco and Bahrain (one place).

Five Arab countries improve, but eight others drop

The UAE, Saudi Arabia, Tunisia, Qatar and Morocco lead the index

The ranking of Arab countries in the Global Innovation Index (GII)

Ranking 2020	Country	2019	2020	Change
1	UAE	36	34	2
2	Tunisia	70	65	5
3	Saudi Arabia	68	66	2
4	Qatar	65	70	(5)
5	Morocco	74	75	(1)
6	Kuwait	60	78	(18)
7	Bahrain	78	79	(1)
8	Jordan	86	81	5
9	Oman	80	84	(4)
10	Lebanon	88	87	1
11	Egypt	92	96	(4)
12	Algeria	113	121	(8)
13	Yemen	129	131	(2)
Average		80	82	(2)

Source: World Intellectual Property Organization, 2020

Numbers in black reflect the improvement of countries' rankings, while numbers in red between two brackets show a drop of countries' rankings

Section 1: Changes in the Investment Climate in Arab Countries in 2020

The Human Development Index



UNITED NATIONS DEVELOPMENT PROGRAMME

Human Development Reports

The Arab ranking dipped by one place to 103 on average in 2020



GCC countries topped the Arab ranking and were placed in very high human development category

Released by the United Nations Development Programme, the index measures the performance of 180 countries in a set of indicators, mainly life expectancy at birth (in years), adult literacy rate, school enrolment rate and the per capita gross domestic product. The following are major changes in Arab rankings in the 2020 index:

- The report listed six Arab countries in the very high human development category; topped by the UAE (40th globally), Saudi Arabia (40th globally), Bahrain (42nd), Qatar (45th), Oman (60th) and Kuwait (64th).
- The ranking of Arab countries dipped by one place to 103 on average. Six Arab countries improved in 2020; led by the UAE and Libya (5 places), Palestine (4 places), Bahrain and Syria (three places) and Lebanon (one place).
- Eight Arab countries fell in the 2020 index; mainly Oman which lost 13 places, Algeria (9 places), Kuwait (7 places), Saudi Arabia, Qatar and Tunisia (4 places), Iraq (3 places) and Sudan (2 places).

Six Arab countries, mainly Libya, UAE, and Palestine, improved, while eight others, chiefly Oman, Algeria and Kuwait, lost places in 2020

The situation of Arab countries in the human development index

Ranking 2020	Country	2019	2020	change
1	UAE	35	31	4
2	Saudi Arabia	36	40	(4)
3	Bahrain	45	42	3
4	Qatar	41	45	(4)
5	Oman	47	60	(13)
6	Kuwait	57	64	(7)
7	Algeria	82	91	(9)
8	Lebanon	93	92	1
9	Tunisia	91	95	(4)
10	Jordan	102	102	0
11	Libya	110	105	5
12	Palestine	119	115	4
13	Egypt	116	116	0
14	Morocco	121	121	0
15	Iraq	120	123	(3)
16	Syria	154	151	3
17	Mauritania	157	157	0
18	Djibouti	166	166	0
19	Sudan	168	170	(2)
20	Yemen	177	179	(2)
Average		102	103	(1)

Source: UNDP, 2020

Numbers in black reflect the improvement of countries' rankings, while numbers in red between two brackets show a drop of countries' rankings



Section 2: Foreign Direct Investment (FDI) Projects in Arab Countries in 2020

This section monitors greenfield or expanded FDI projects in Arab countries in 2020, based on the database of the FDI Markets, released by the Financial Times, which is one of the most important sources recognized by the UNCTAD for monitoring the global investment movement.

In this context, projects are reviewed and analyzed through four key indicators: the number of source companies in the region, number of executed projects, estimated capital investment of every project and number of jobs created.

Key information on the geographical and sectoral distribution of projects is obtained through lists of top source regions, countries and companies in the region, key projects, major Arab countries and the future economic sectors of these projects in 2020.

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Section 2: Foreign Direct Investment (FDI) Projects in Arab Countries in 2020

Foreign Direct Investment (FDI) Projects into Arab Countries during 2003-2020

FDI projects have seen an upward trend since 2003 despite two downward trends in 2009 and 2020

Greenfield FDI projects in Arab countries fell again in 2020 following a clear hike in 2019, as a result of the impacts of the novel Coronavirus and relevant lockdown measures in the region and the world, especially main capital-exporting countries.

- The number of greenfield projects in Arab countries fell by 38.3 % from 999 projects in 2019 to 616 in 2020, constituting 3.8 % of the world's overall projects.
- The capital investment of greenfield FDI projects in the region went down by 40.5 % from USD 57 billion to around USD 34 billion, an average of USD 55 million per project.
- The projects provided over 54,000 jobs in 2020, equating to an average of 87 jobs per project and a decline of 47.3 % or 103,000 jobs in 2019.

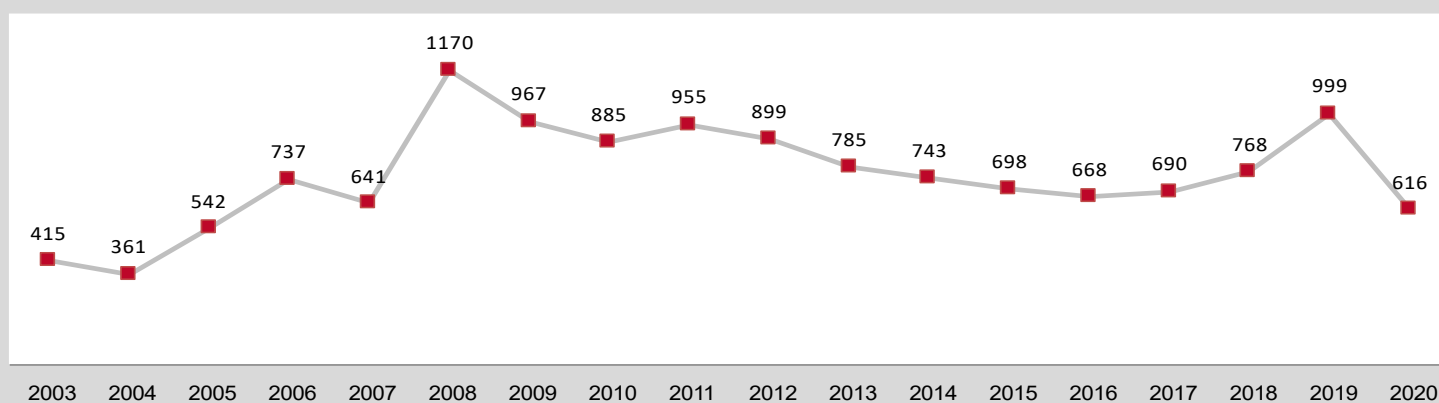
The greenfield FDI projects in the Arab region saw an upward trend between 2003 and 2020, up from 415 projects in 2003 to 616 in 2020.

The projects hit a record figure by reaching roughly 1,170 projects in 2008 and the estimated capital investment amounted to USD 168 billion, creating over 264,000 jobs, ahead of the global financial crisis.

Evolution of greenfield FDI projects into Arab countries (2003-2020)

Year	No of Projects	Capital investment (USD m)	Jobs Created
2020	616	33946	54083
2019	999	57009	102702
2018	768	82302	117368
2017	690	70375	77149
2016	668	90179	95434
2015	698	43313	82008
2014	743	60413	89099
2013	785	53189	68124
2012	899	45754	88586
2011	955	57043	99842
2010	885	58681	115663
2009	967	106280	138643
2008	1170	168115	264357
2007	641	50581	105263
2006	737	112340	163461
2005	542	75768	107663
2004	361	56672	58015
2003	415	46024	65675
Total	13539	1267983	1893135

Evolution of new FDI projects into Arab countries (2003-2020)



Source: FDI Markets

Section 2: Foreign Direct Investment (FDI) Projects in Arab Countries in 2020

Evolution of FDI projects into Arab countries in 2020

**All indexes
dropped in 2020**

2020 saw the worst performance of FDI projects in the Arab region in view of the capital investment, which has been the lowest since projects began to be registered on the database of the FDI Markets in 2003.

The number of projects during the Covid-19 pandemic saw a downward trend from its peak of 92 projects, making up around 15 % of the total, with a capital investment of USD 3.6 billion and with the creation of 6800 jobs in January, down to 55 projects with a capital investment of USD 2.4 billion and the creation of around 3900 jobs in December.

May was hit hard by the Covid-19 pandemic in 2020 with the lowest number of 26 projects with a capital investment of over USD one billion and the creation of more than a 1000 jobs.

The capital investment of projects recorded the lowest level of USD 578 million in June through 42 projects, creating around 1600 jobs.

Following the relative recovery of projects in July and the phased-out easing of lockdown restrictions in several countries of the region, the number of projects dipped again in August before bouncing back in the remaining months of the year.

New jobs	Capital investment (USD m)	Number of projects
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%47.3-



%40.5-



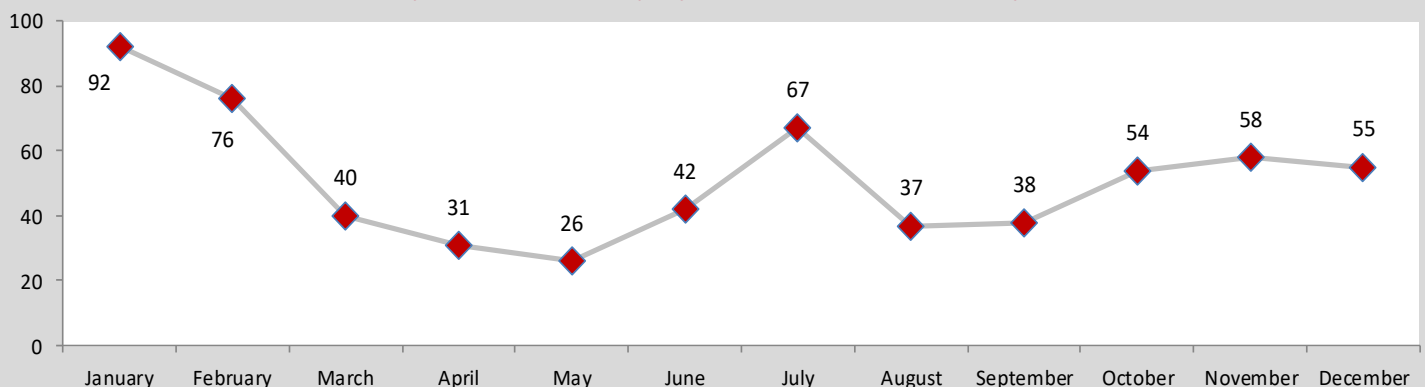
-%38.3



Monthly evolution of FDI projects into Arab countries - year 2020

Month	No of Projects	Capital investment (USD m)	Jobs Created
January	92	3605	6809
February	76	7272	11571
March	40	1284	3443
April	31	1089	2494
May	26	1081	1045
June	42	578	1557
July	67	11505	9412
August	37	776	2725
September	38	1690	2504
October	54	1329	4528
November	58	1376	4042
December	55	2349	3880
Total	616	33935	54010

Monthly evolution of FDI projects into Arab countries - year 2020



Source: FDI Markets

Section 2: Foreign Direct Investment (FDI) Projects in Arab Countries in 2020

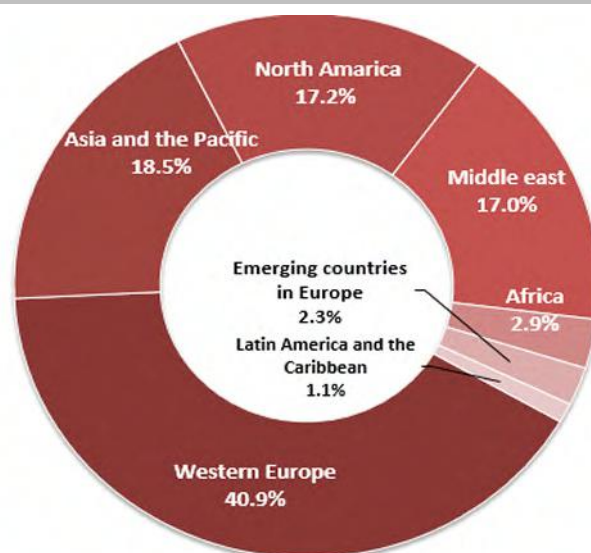
Top source regions in Arab countries in 2020

Based on the database of FDI projects, released by the Financial Times, for top source regions in the Arab world in 2020, the findings come as follows:

- In accordance with the global trend, Western Europe came in the lead as top investor in Arab countries by 252 projects making up 40.9 % of the overall greenfield FDI projects in the region in 2020. The projects were implemented by 223 companies with an estimated capital investment of roughly USD 7.74 billion, accounting for 22.8 % of the Arab total, and provided around 21400 jobs, making up 39.6 % of the total.
- Asia and the Pacific countries represent the second most important source of projects in the region, with a share of 18.5% in terms of number and 23.9% in terms of investment cost, followed by North American countries, which contribute about 17.2% of the number of projects and 37.5% in terms of project cost, in an indication of the huge size of US projects compared to their European and Asian counterparts, which placed them in the first place in terms of cost.
- The Middle East region came fourth in the Arab ranking in view of its contribution to FDI projects in the region, slightly before North America and Asia, by 105 projects making up 17 % of the overall greenfield FDI projects in the region in 2020. The projects were carried out by 77 companies with an estimated capital investment of roughly USD 4.7 billion, accounting for 13.9 % of the Arab total, creating some 10600 jobs, constituting 19.6% of the total.



Projects by source regions according to the number in 2020



New FDI projects into Arab countries by geographical regions - year 2020

Regions	No of projects	%	Capital investment (USD m)	%	Average of Capital investment (USD m)	Jobs Created	%	Average of Jobs Created	No of Companies	%
Western Europe	252	40.9	7744	22.8	31	21376	39.6	84	223	42.2
Asia and the Pacific	114	18.5	8111	23.9	71	9090	16.8	79	100	18.9
North America	106	17.2	12726	37.5	120	9515	17.6	89	98	18.5
Middle east	105	17.0	4709	13.9	45	10569	19.6	100	77	14.6
Africa	18	2.9	262	0.8	15	960	1.8	53	14	2.6
Emerging countries in Europe	14	2.3	174	0.5	12	1999	3.7	142	11	2.1
Latin America and the Caribbean	7	1.1	211	0.6	30	501	0.9	71	7	1.3
Total	616	100	33935.2	100	55.1	54010	100	87	529	100

Source: FDI Markets

Section 2: Foreign Direct Investment (FDI) Projects in Arab Countries in 2020

Top source countries into Arab world in 2020



Out of a total of 59 source countries into the region in 2020, the US topped the list in line with all indexes, by 100 projects making up 23.3 % of the total at a cost of USD 8.2 billion accounting for 28.4 % of the total. The projects created 8400 jobs, making up 20 % of the total.

The UK came second in terms of the number of projects by 19.3 % of the total of executed projects in the region, but it came sixth in the capital investment by 6.1 % and fifth in new jobs by 10.8 %.

The first 10 countries in all indexes had roughly 70 % of the number of implemented greenfield FDI projects, 85.1 % of the capital investment and 77.4 % of the total new jobs.

Two Arab countries appeared on the list of two source countries into the region; the UAE, which came second in the number of projects and fourth in the capital investment and second in new jobs, and Saudi Arabia, which came 10th in the number of projects, ninth in the capital investment and eighth in new jobs.

Out of a total of 275 source cities into the region, the top five cities made up one-fifth of the number of projects. London topped the list by 6.2 % of the number of projects, while Abu Dhabi took the lead in the average of jobs and the size of a project, and Tokyo had the lead in the total capital investment by USD 4.47 billion; USD 319 million per project.

Canada came second by 15.7 % of the cost of projects at a value of over USD 4.5 billion

The UK came second by 19.3 % in number of projects and fifth by 10.8 % of jobs

Top 10 investing countries into Arab countries by number of projects - year 2020

Ranking	Investing countries	No of projects	%
1	United States	100	23.3
2	United kingdom	83	19.3
3	UAE	56	13.1
4	India	38	8.9
5	Switzerland	33	7.7
6	Germany	29	6.8
7	France	28	6.5
8	China	21	4.9
9	Netherlands	21	4.9
10	Saudi Arabia	20	4.7
Total		429	69.6

Top 10 investing countries into Arab countries by capital investment - year 2020

Ranking	Investing countries	Capital investment (USD m)	%
1	United States	8184	28.4
2	Canada	4541	15.7
3	Japan	4502	15.6
4	UAE	2816	9.8
5	France	2773	9.6
6	United kingdom	1756	6.1
7	China	1524	5.3
8	Philippines	1064	3.7
9	Saudi Arabia	868	3.0
10	Germany	839	2.9
Total		28868	85.1

Top 10 investing countries into Arab countries by Jobs Created - year 2020

Ranking	Investing countries	Jobs Created	%
1	United States	8402	20.1
2	UAE	7176	17.2
3	Germany	5656	13.5
4	France	4576	10.9
5	United kingdom	4500	10.8
6	China	3453	8.3
7	India	2491	6.0
8	Saudi Arabia	1968	4.7
9	Japan	1909	4.6
10	Switzerland	1694	4.1
Total		41825	77.4

Source: FDI Markets

Section 2: Foreign Direct Investment (FDI) Projects in Arab Countries in 2020

Top source companies into Arab countries in 2020



The top investor of projects in Arab countries by nine projects accounting for 1.5 % of the total



The top investor in the region with a capital investment of USD 5.9 billion representing 17.4 % of the total

- The number of source companies into the region fell by 35 % from 815 companies in 2019 to 529 companies in 2020.
- 266 new companies were registered in 2020 on the database of projects, with 298 projects and capital investment of USD 12 billion, creating over 20,000 jobs.
- The UAE hosted 63.5 % of foreign companies, followed by Saudi Arabia, Morocco and Egypt.
- The top 10 companies of every index acquired 7.5 % of new implemented projects, 53.3 % of capital investment and 31 % of the overall new jobs.
- The International Workplace Group (Regus) came first in the number of new projects in the Arab world in 2020 by nine projects accounting for 1.5 % of the region's projects. And then came China Mobile International (CMI) by six projects and Accentia Franchise Consultants.
- The US Air Products, which is specialized in selling gas and chemicals for industrial usage, came first in the capital investment of USD 5.9 billion making up 17.4 % of the Arab total. It was followed by the Canadian CHB with a capital investment of USD 4.2 billion, equating to an average of 12.4 % of the total and then Marubeni Company by a value of USD 2.1 billion, equating to an average of 6.2 %.

Most important companies investing in Arab countries by number of projects - year 2020

Ranking	Investing companies	No of Projects	%
1	International Workplace Group (Regus)	9	1.5
2	China Mobile International (CMI)	6	1.0
3	Accentia Franchise Consulting	5	0.8
4	Canada Incorporated Resources Inspection (RI)	5	0.8
5	GoMyCode	4	0.6
6	Lulu	4	0.6
7	NOW Money	4	0.6
8	East News	3	0.5
9	Emaar Properties	3	0.5
10	Google	3	0.5
Total		616	7.5

Top 10 companies investing into Arab countries by Capital investment - year 2020

Ranking	Investing companies	Capital investment (USD m)	%
1	Air products	5910	17.4
2	Canadian Business Holding (CHB)	4200	12.4
3	Marubeni Corporation	2100	6.2
4	ITOCHU Corporation	1160	3.4
5	Prime Power Middle East (PPME)	1063	3.1
6	Kurita Europe	1000	2.9
7	Bostik	910	2.7
8	China Mobile International (CMI)	620	1.8
9	EDF For Renewable Energy	558	1.6
10	BESIX Group	558	1.6
Total		33935	53.3

Top 10 companies investing into Arab countries by Jobs Created - year 2020

Ranking	Investing companies	Jobs Created	%
1	Air products	2966	5.5
2	PSA Group (Peugeot and Renault)	2525	4.7
3	DRAEXLMAIER	2500	4.6
4	IHC For Food	2500	4.6
5	REALME for Chinese smartphones	1200	2.2
6	Cornwall Group	1190	2.2
7	Shen Gong for New Materials	1040	1.9
8	SIEMENS	1000	1.9
9	Varroc Lighting Systems	960	1.8
10	MAJORELLE	866	1.6
Total		54010	31

Source: FDI Markets

Section 2: Foreign Direct Investment (FDI) Projects in Arab Countries in 2020

Top projects in Arab countries in 2020

- Energy topped the list of the top five greenfield FDI projects in Arab countries, mainly in the Gulf region in view of the capital investment.
- The projects which provide between 10 and 24 jobs account for over one-third of the total projects, while the projects which create 100 jobs or more make up nearly one-fifth of the total.
- 90.4 % of the projects are considered to be greenfield investments with an average of USD 57.30 million and creation of 81 jobs per project, as the average of expanded projects or on-site participation hits USD 36.8 million and USD 9.2 million respectively.
- With an average project size of USD 99.00m, projects originating in France are approximately two times larger than the average across all source countries. Ranked seventh in overall projects recorded with 28 in total, France created a total of 4,576 jobs and USD 2.77 billion capital investment.

Energy topped the list of the top five greenfield FDI projects in Arab countries

The following is a list of top projects in capital investment:

A hydrogen plant in the Saudi city of Neom	USD 5 billion	The Air Products Company announced in July 2020 a plan to build a hydrogen plant in the Saudi city of Neom at a cost of five USD billion. The plant will be jointly owned by Air Products and Saudi Arabia's ACWA Power Company and is expected to produce 650 tons of hydrogen a day. The fuel will be shipped as ammonia to end markets globally then converted back to hydrogen. Ammonia production is predicted to start by 2025.
Oil refinery in Oman	USD 4.2 billion	Canada Business Holdings Inc (CHB) announced in July 2020 that it would invest USD 4.2 billion in a low sulphur fuel oil (LSFO) refinery in the Sultanate of Oman with a capacity of 300,000 barrels a day to cater to the growing needs of clean fuel.
Power generating plant in UAE	USD 1.444 billion	The Japanese Marubeni Corp. plans to build, operate and maintain a combined cycle power plant in the UAE city of Fujairah at a cost of USD 1.444 billion and with a capacity of 2,400 MW by 2023. The plant will be jointly owned by Marubeni (40 %) and the government of Abu Dhabi (60 %) under an agreement signed by the Japanese company and the Emirates Water and Electricity Company (EWEC).
Waste-to-energy plant in Dubai	USD 1.16 billion	Japan-based Itochu, a trading firm, Hitachi Zosen Inova, which designs and constructs industrial plants and operates as a subsidiary of Japan-based Hitachi Zosen, and United Arab Emirates-based Dubai Holding have entered into a joint venture to establish a USD 1.16 billion waste-to-energy plant in Dubai, United Arab Emirates. The 200 megawatt plant will produce power for 140,000 local households and is scheduled to come online by 2024. Itochu will hold 20 % of the project, Hitachi Zosen Inova 10 %, Dubai Holding 31 %, and the remainder will be split among three companies.
New power plant in Iraq's Um Al-Qasr	USD 1.063 billion	The Prime Power Middle East (PRIME), a wholly owned subsidiary of Prime Metro Power Holdings Corporation, announced in February 2020 that it would invest USD 1.063 billion in a new power plant in the Iraqi city of Um El-Qasr under a 23-year power purchase agreement with the General Company of Ports Iraq (GCPI). Under the deal, the plant's capacity will gradually increase from 68.4 mw at present to 150 mw once the project is completed.

Section 2: Foreign Direct Investment (FDI) Projects in Arab Countries in 2020

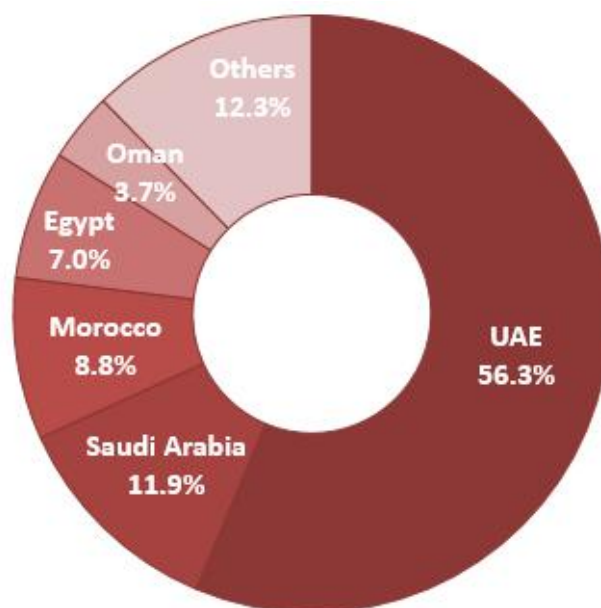
Top Arab destination countries in 2020

FDI projects continue to be in a limited number of countries

Top five destination countries hold 87.7 % of projects, 86.6 % of capital investment and 83.5 % of new jobs

- The geographical concentration of FDI projects in the region in 2020 continued to be in a limited number of countries in all the three indicators of the number of projects, capital investment and new jobs.
- The top six destination countries, including the UAE, Saudi Arabia, Morocco, Egypt, Oman and Tunisia, had 87.7 % of the number of projects, 86.6 % of capital investment and 83.5 % of new jobs.
- The UAE came first as the top destination country in the number of projects by 347 projects making up 56.3 % of the total, and also in the number of new jobs by 14700 jobs equating to 27.3 % of the total. But, it came second in the capital investment by USD 9.1 billion equating to 26.9 % of the total.
- Saudi Arabia was the leader in capital investment by USD 10.4 billion equating to 30.7 % of the overall projects in the region, while coming second in the number of projects by 73 projects equating to 11.9 % of the total, with the creation of over 8800 new jobs.
- Morocco came third by 54 projects accounting for 8.8 % with capital investment of roughly USD 2.4 billion and 11800 new jobs.
- Egypt ranked fourth by 43 projects with capital investment of USD 1.4 billion and creation of more than 6000 jobs.

Distribution of FDI into Arab countries by number of projects - year 2020



New FDI projects distributed among Arab countries- year 2020

destination countries	No of projects	Capital investment (USD m)	Average of Capital investment (USD m)	Jobs Created	Average of Jobs Created	No of Companies
UAE	347	9139	26	14729	42	336
Saudi Arabia	73	10411	143	8780	120	64
Morocco	54	2402	45	11813	218	49
Egypt	43	1387	32	6096	141	42
Oman	23	6119	266	2396	104	22
Qatar	20	915	46	1000	50	19
Bahrain	15	883	59	1547	103	15
Tunisia	9	482	54	3707	411	9
Kuwait	9	200	22	511	56	9
Algeria	6	77	13	251	41	6
Jordan	6	248	41	225	37	6
Lebanon	3	84	28	84	28	3
Sudan	2	319	160	2572	1286	2
Djibouti	2	101	51	109	54	2
Iraq	1	1063	1063	97	97	1
Somalia	1	94	94	72	72	1
Mauritania	1	11	11	14	14	1
Libya	1	0	0	7	7	1
Total	616	33935	55	54010	87	529

Source: FDI Markets



Top Arab destination countries in 2020



UAE

comes first in both number of projects by 56.3% and in jobs by 27.3%

Saudi Arabia

comes first in capital investment by 30.7% and second in number of projects by 11.9%

Oman

comes third in capital investment by 18%

Morocco

Comes second in new jobs by 21.9%

Egypt

Egypt comes fourth in number of projects by 7% and fifth in capital investment by 4.1%

Tunisia

Tunisia comes fifth in new jobs by 6.9%

Out of a total of 64 Arab destination cities in 2020, Dubai was the top city by around 40 % of the number of projects, in capital investment by USD 4.82 billion and in new jobs by 9,532, while Al-Jubail and Al-Qunaitra cities took the lead in capital investment and average jobs respectively.

Top Arab destination Countries by number of projects - year 2020

Ranking	destination Country	No of Project	%
1	UAE	347	56.3
2	Saudi Arabia	73	11.9
3	Morocco	54	8.8
4	Egypt	43	7.0
5	Oman	23	3.7
6	Qatar	20	3.2
7	Bahrain	15	2.4
8	Kuwait	9	1.5
9	Tunisia	9	1.5
10	Algeria	6	1.0
11	Jordan	6	1.0
12	Lebanon	3	0.5
13	Djibouti	2	0.3
14	Sudan	2	0.3
15	Iraq	1	0.2
16	Libya	1	0.2
17	Mauritania	1	0.2
18	Somalia	1	0.2
Total		616	100.0

Top Arab destination Countries by Capital investment - year 2020

Ranking	destination Country	Capital investment (USD m)	%
1	Saudi Arabia	10411	30.7
2	UAE	9139	26.9
3	Oman	6119	18.0
4	Morocco	2402	7.1
5	Egypt	1387	4.1
6	Iraq	1063	3.1
7	Qatar	915	2.7
8	Bahrain	883	2.6
9	Tunisia	482	1.4
10	Sudan	319	0.9
11	Jordan	248	0.7
12	Kuwait	200	0.6
13	Djibouti	101	0.3
14	Somalia	94	0.3
15	Lebanon	84	0.2
16	Algeria	77	0.2
17	Mauritania	11	0.0
18	Libya	0	0.0
Total		33935	100.0

Top Arab destination Countries by Jobs Created - year 2020

Ranking	destination Country	No of Jobs Created	%
1	UAE	14729	27.3
2	Morocco	11813	21.9
3	Saudi Arabia	8780	16.3
4	Egypt	6096	11.3
5	Tunisia	3707	6.9
6	Sudan	2572	4.8
7	Oman	2396	4.4
8	Bahrain	1547	2.9
9	Qatar	1000	1.9
10	Kuwait	511	0.9
11	Algeria	251	0.5
12	Jordan	225	0.4
13	Djibouti	109	0.2
14	Iraq	97	0.2
15	Lebanon	84	0.2
16	Somalia	72	0.1
17	Mauritania	14	0.0
18	Libya	7	0.0
Total		54010	100.0

Section 2: Foreign Direct Investment (FDI) Projects in Arab Countries in 2020

FDI trends by sectors in 2020

Business services is the top sector by 19.6 % of overall projects, followed by software and IT, financial services, food and beverages, and communications

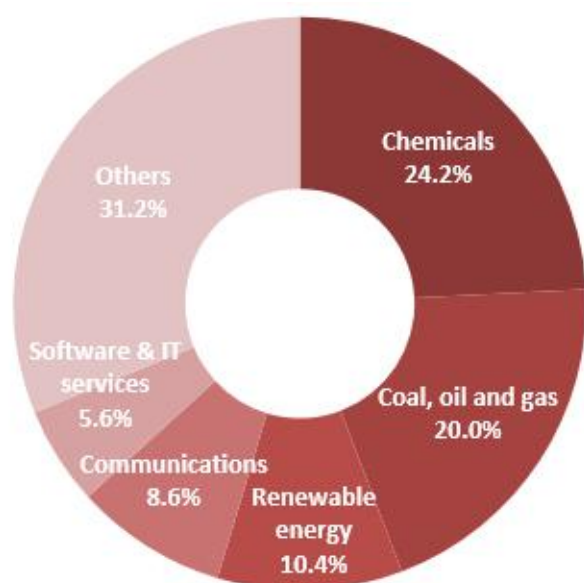
- Out of a total of 32 sectors, the top five account for the majority of projects.
- Renewable energy has the highest average investment of USD 236 million per project. Food and beverages has generated the highest number of total jobs, an average of 234 per project.
- Business services is the top sector accounting for one-fifth of projects traced (121 projects or 19.6%). Project volume in this sector peaked during January, with 24 projects tracked.

New FDI projects into Arab countries by most important sectors - year 2020						
Destination sectors	No of projects	Capital investment (USD m)	Average of Capital investment (USD m)	Jobs Created	Average of Jobs Created	No of Companies
Business services	121	1292	11	5611	46	99
Software & IT services	118	1890	16	3220	27	112
Financial services	69	1441	21	2051	29	64
Communications	45	2916	65	4255	94	32
Food & Beverages	26	1386	53	6099	234	22
Industrial equipment	25	277	11	1213	48	25
Real estate	25	329	13	940	37	16
Transportation & Warehousing	24	625	26	1540	64	20
Electronic components	19	738	39	3322	174	15
Renewable energy	15	3540	236	966	64	14
Hotels & tourism	13	1166	90	1878	144	11
Coal, oil and gas	12	6789	566	919	76	10
Chemicals	11	8215	747	4348	395	9
Automotive components	10	229	23	5963	596	8
Plastic	8	329	41	1233	154	8
Healthcare	8	149	19	735	91	6
pharmaceutical	8	127	16	600	75	8
Automotive and their components	7	474	68	2844	406	7
Minerals	6	821	137	1316	219	6
Aerospace	6	82	14	379	63	6
Business machines and equipment	6	66	11	351	58	6
Medical devices	6	42	7	322	53	6
Minerals	4	463	116	984	246	4
Consumer products	4	20	5	609	152	4
Entertainment	4	237	59	552	138	3
Building materials	4	109	27	129	32	4
Biotechnology	3	70	23	161	53	3
on-AutomotiveTransport equipmer	3	6	2	39	13	2
Textiles	2	76	38	1203	601	2
Space and Defense	2	19	10	168	84	2
Engines and turbines	1	10	10	30	30	1
Consumer electronics	1	4	4	30	30	1
Total	616	33935	55	54010	87	529

Source: FDI Markets

Section 2: Foreign Direct Investment (FDI) Projects in Arab Countries in 2020

FDI trends by sector in 2020



Chemicals top the list in capital investment by USD 8.215 billion

- Software and IT came second by 118 projects equating to 19.2 % of the total with capital investment of USD 1.9 billion and creation of 3,220 new jobs.
- Out of 15 business activities, the top five account for the majority of projects. Sales, marketing and support is the top business activity accounting for one-third of projects tracked. Manufacturing has generated the highest number of total jobs and greatest investment with a total of 25,842 jobs and USD 16.37 billion.
- Chemicals, coal, oil and gas, and renewable energy were the top in capital investment of USD 18.5 billion equating to 55 % of the total.
- The top 10 sectors had 79.1 % of projects, 86.8 % of capital investment and 73 % of new jobs.

Sales and marketing was the top in projects and manufacturing led the list in capital investment of USD 16.37 billion

Top sectors in number of projects year 2020

Ranking	destination sectors	No of projects	%
1	Business Services	121	19.6
2	Software and IT services	118	19.2
3	Financial Services	69	11.2
4	Communications	45	7.3
5	Food and beverages	26	4.2
6	industrial equipment	25	4.1
7	Real estate	25	4.1
8	Transportation and warehousing	24	3.9
9	electronic components	19	3.1
10	Renewable energy	15	2.4
Total		487	79.1

Top sectors in capital investment year 2020

Ranking	destination sectors	Capital investment (USD m)	%
1	Chemicals	8215	24.2
2	Coal, oil and gas	6789	20.0
3	Renewable energy	3540	10.4
4	Communications	2916	8.6
5	Software and IT services	1890	5.6
6	Financial Services	1441	4.2
7	Food and beverages	1386	4.1
8	Business Services	1292	3.8
9	Hotels and Tourism	1166	3.4
10	Minerals	821	2.4
Total		29455	86.8

Top sectors in new jobs year 2020

Ranking	destination sectors	Jobs Created	%
1	Food and beverages	6099	11.3
2	Auto Components	5963	11.0
3	Business Services	5611	10.4
4	Chemicals	4348	8.1
5	Communications	4255	7.9
6	electronic components	3322	6.2
7	Software and IT services	3220	6.0
8	Automotive and its components	2844	5.3
9	Financial Services	2051	3.8
10	Hotels and Tourism	1878	3.5
Total		39591	73

Source: FDI Markets



Section 3: Inter-Arab Investment Projects in 2020

This section provides more specialized information on the inter-Arab investment movement during 2020, which is part of the overall FDI projects into the Arab world. It monitors greenfield and expansion Arab direct investment projects in Arab countries, based on the database of the FDI Markets, issued by the Financial Times.

In this context, projects are reviewed and analyzed through four main indicators: number of Arab source companies, number of projects, estimated capital investment and new jobs created.

The most significant information on geographical and sectoral distribution of these projects is obtained through lists of major source countries and companies into the region, key executed projects, major Arab countries and future economic sectors of these projects during 2020.

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Section 3: Inter-Arab Investment Projects in 2020

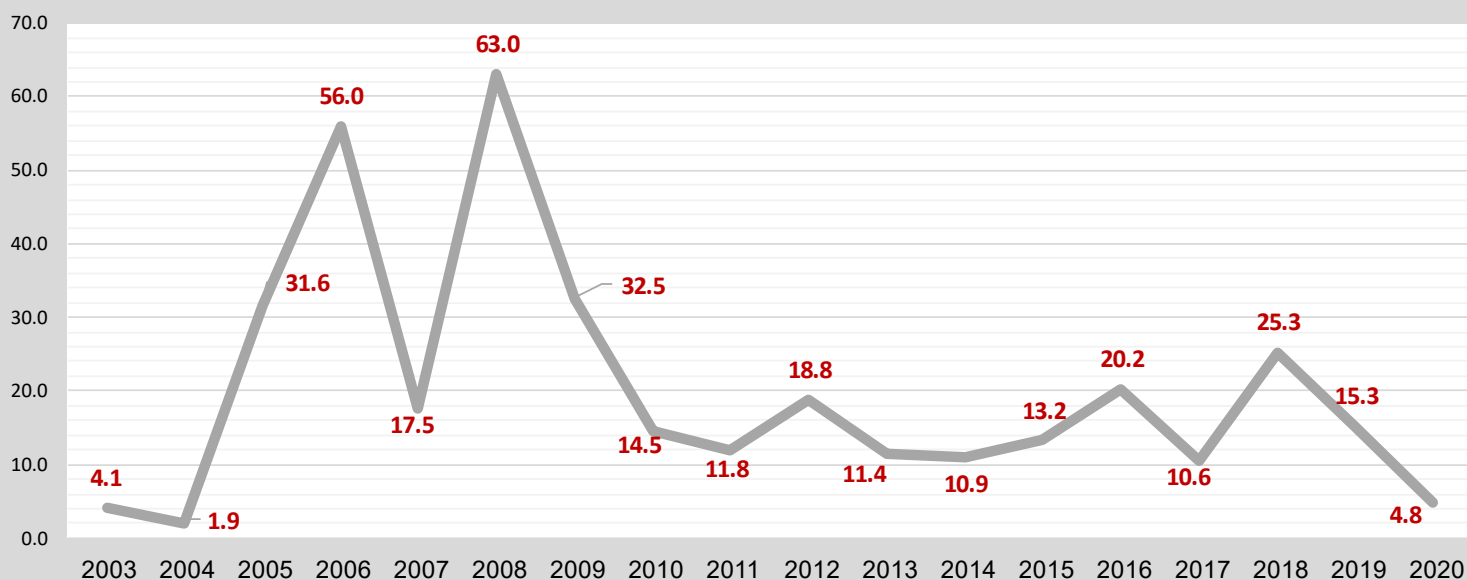
Evolution of inter-Arab projects 2003-2020

Number of inter-Arab direct investment projects drops by 42.1%, and total capital investment by 68.8% to USD 4.8 billion

77 companies from nine Arab countries executed 110 projects, including 96.4 % of greenfield projects with capital investment of USD 44.2 million per project

- Inter-Arab investment indexes fell during 2020 compared with 2019 in line with the database of FDI projects in the world as follows:
- The number of inter-Arab direct projects dipped by 42.1 % from 190 projects to 110 projects, accounting for 17.9 % of the overall greenfield FDI projects into the Arab world during 2020.
- The capital investment of projects dipped by 68.8 % from USD 15.3 billion to USD 4.8 billion, making up 14.1 % of the overall capital investment of greenfield FDI projects into Arab countries
- The number of new jobs created by these projects went down by 24.9 % from 14500 jobs to 10900 jobs, constituting 17.9 % of the overall greenfield FDI projects into the Arab world during 2020, making up 20.1 % of the total jobs created by the greenfield FDI projects into Arab countries.
- Greenfield investments accounted for 96.4 % of projects with an average capital investment of 44.2 million and 98 jobs per project, while the average capital investment of expansion projects hit USD 23.3 million, with 104 jobs.
- 77 companies from nine Arab countries invested into the region. The top 10 companies contributed 34 projects equating to 30.9 % of the total, 19.7 % of jobs and 20.8 % of capital investment.
- October saw the largest number of projects by 16 projects making up 14.5 % of the total, creating 30.1 % of jobs, with 16.5 % of capital investment during 2020.
- The top 10 % of investors set up 29 projects, equating to 26 % of projects, with a capital investment of USD 722 million and 1,967 jobs, constituting 20 % of the total.
- The projects which provided between 10 and 26 jobs made up one-third of the number, while the projects which created 100 jobs or more accounted for a quarter of the projects.

Evolution of Capital investment of inter-Arab FDI projects (USD m)



Source: FDI Markets

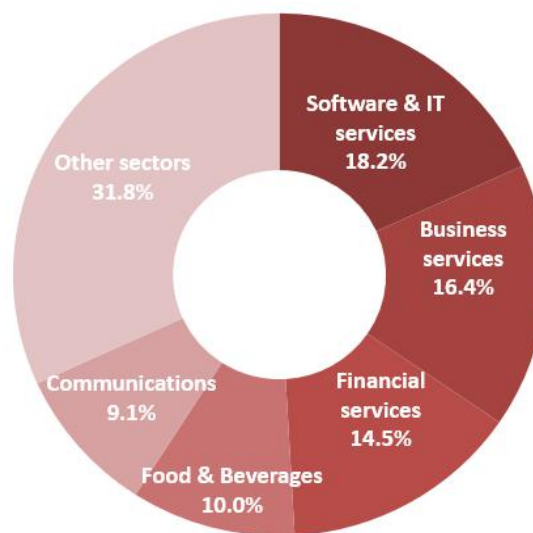
Section 3: Inter-Arab Investment Projects in 2020

Inter-Arab projects by sector in 2020

The sector of software and IT services leads by 18.2% of projects

- Out of a total of 20 Arab destination sectors, the top five sectors made up more than two-thirds of projects, while software and IT came first by 18.2 % in projects, followed by business services by 16.4 %.
- Food and beverages provided the largest number of jobs, as communications constituted the highest capital investment by USD 874.3 million, making up 17.6 % of the total, and hotels and tourism had the highest average investment by USD 87.00 million per project.
- Out of a total of 12 business activities targeted by Arab projects, sales, marketing and support was the leader by 32 projects, and then came business services by 30 projects.
- Manufacturing created the largest number of jobs (4,159 jobs) and contributed the largest volume of investment (USD 1.27 billion) and the highest average of jobs and capital investment per project.

Distribution of projects among sectors by number in 2020



Out of a total of 12 business activities targeted by Arab projects, sales, marketing and support was the leader by 32 projects

Sectoral distribution of FDI inter-Arab projects - year 2020

Sector	No of projects	Jobs Created	Average of Jobs Created	Capital investment (USD m)	Average of Capital investment (USD m)
Software & IT services	20	741	37.0	177.4	8.9
Business services	18	491	27.0	361.6	20.1
Financial services	16	799	49.0	666.3	41.6
Food & Beverages	11	3987	362.0	726.1	66
Communications	10	854	85.0	842.3	84.2
Transportation & Warehousing	7	584	83.0	231.7	33.1
Hotels & tourism	4	614	153.0	347.8	87
Real estate	4	630	157.0	208.4	52.1
Industrial equipment	3	173	57.0	48.5	16.2
Renewable energy	3	116	38.0	138.1	46
Other sectors	14	1889	134.0	1027.7	73.4
Total	110	10878	98	4775.9	43.4

Source: FDI Markets

Section 3: Inter-Arab Investment Projects in 2020

Top Arab destination and source countries in 2020

Top destination countries

Saudi Arabia leads 13 Arab countries by 29 projects with capital investment of USD 1.35 billion

- Out of a total of 13 Arab destination countries, Saudi Arabia was the top by more than a quarter of projects, while Egypt came first in total jobs and Morocco in average jobs by 248 jobs per project.
- Saudi Arabia topped the list in capital investment, while Oman had the highest average by USD 84.5 million per project.
- Out of 29 Arab destination cities, the top five cities had 40 % of projects, as Dubai was the leader by over 10 % of projects.

Arab countries as a destination to Arab projects - year 2020

destination countries	Number of projects	Number of companies	Jobs created	Capital investment
Saudi	29	23	1698.0	1352.2
UAE	25	21	1023.0	614.9
Egypt	19	19	1703.0	466
Oman	11	10	1227.0	929.6
Bahrain	7	7	893.0	540.8
Kuwait	6	6	323.0	140.4
Morocco	4	4	994.0	234.9
Algeria	2	2	67.0	30
Lebanon	2	2	72.0	78.3
Qatar	2	1	314.0	69.8
Other countries	3	3	2564.0	318.9
Total	110	77	10878	4775.8

Top source countries

The UAE leads nine Arab countries by implementing 56 projects with capital investment of USD 2.8 billion

- Out of a total of nine Arab source countries, the UAE was the top by 56 projects with capital investment of USD 2.8 billion and 7200 jobs, followed by Saudi Arabia, Bahrain, Egypt and Tunisia.
- Qatar was a source of major inter-Arab projects with an average size of USD 121.3 million, which is three times higher than the average of all projects, by contributing two projects with capital investment of USD 242.6 million.
- Out of a total of 15 source cities in the region, the top five cities contributed more than two thirds of projects, with Dubai coming first by 36 projects with capital investment of USD 1.3 billion making up 27.3 % of the total, as Abu Dhabi created the largest number of jobs (5,115 jobs) and the largest capital investment of USD 1.51 billion).

Arab countries investing in the region year 2020

investing countries	Number of projects	Number of companies	Jobs created	Capital investment
UAE	56	39	7176.0	2816.4
Saudi	20	16	1968.0	867.5
Bahrain	10	5	662.0	500.7
Egypt	6	5	105.0	46.7
Tunisia	5	2	334.0	46.3
Jordan	4	4	76.0	22.5
Kuwait	4	3	364.0	217.5
Lebanon	3	3	49.0	15.6
Qatar	2	1	144.0	242.6
Total	110	77	10878	4775.8

Source: FDI Markets

Dubai tops 15 Arab cities by 36 projects with capital investment of USD 1.3 billion

Section 3: Inter-Arab Investment Projects in 2020

Top projects in 2020

The top 10 projects share around half the overall capital investment and half the new jobs

- Out of a total of 110 projects executed by Arab companies in the region in 2020, the top 10 projects contributed around half the capital investment of the overall inter-Arab projects and half the new jobs.
- The top 10 projects in capital investment were mainly in the sectors of industry and construction by four projects each.
- The UAE came first in the execution of the top 10 projects by eight projects, while Saudi Arabia and Bahrain implemented a project.
- The top 10 projects contributed half the total investment capital and half the new jobs.

Salalah Steel Factory in Oman

USD 500 million

Saudi Arabia's National Steel Company said in April 2020 it would invest USD 500 million to set up a steel factory in Salalah Free Zone in Dhofar Governorate in Oman. The project spanning over 250,000 sq will provide 500 jobs and have an annual production capacity of 85,000 tons to be boosted to 150,000 tons. 65 % of the production will be exported to regional markets.

GIB's operation center in Bahrain

USD 443.4 million

Bahrain-based Gulf International Bank (GIB) opened an operation center spanning over 33,120 sq in Khobar City in the Eastern Province in Saudi Arabia in February 2020. The center, which aimed at providing further financial services, is expected to provide 500 new jobs.

Marassi Entertainment Project in Bahrain

USD 231.1 million

Eagle Hills, Abu Dhabi-based real estate investment and development company, has formed a joint venture with Emaar Entertainment to establish Marassi Aquarium and Underwater Zoo in Marassi Galleria, a shopping mall located at the Marassi Al Bahrain Development. Spanning over 26,900 sq ft, the project will have the capacity to hold 360,000 litres of water with over 200 species of fish.

Water desalination plant in Abu Dhabi

USD 228.5 million

Saudi Arabian utility developer Acwa Power announced in March 2020 that it would invest in an independent water desalination plant in Abu Dhabi. The Abu Dhabi government will hold a 60 % stake and Acwa Power holding 40%. Under a 30-year contract, the plant will generate 200 million gallon per day (mgpd), using reverse osmosis (RO) technology.

A project to grow 40,000 hectares in Sudan

USD 225 million

IHC Food Holding LLC, a fully owned subsidiary of Abu-Dhabi based listed holding company International Holding Company (IHC), and DAL Group, which is the largest private sector conglomerate in Sudan, announced that the companies have entered into a joint agreement to develop and cultivate farm land in Abu Hamad, River Nile State, Sudan.

The joint agreement will see a five-year investment plan of over USD 225 million put into the transformation and development of over 40,000 hectares in Sudan. The farm is expected to reach a maximum annual output of over 400,000 metric tonnes of agricultural crops for consumption and export purposes. The project is expected to create 5,000 jobs.



Section 4: FDI inflows and stocks into Arab countries in 2020

This section is different from previous ones in the way its data is compiled and in its sources, focusing on the actual inflows of inbound and outbound FDI into Arab countries in line with the International Monetary Fund (IMF) method in the sixth version of the payment balance, used by the UNCTAD in the compilation of data. The UNCTAD monitors accumulated FDI stocks in the region's countries according to the same method. Still, changes in these investments and information in the database of FDI projects in the world are taken into account.

In this context, actual inflows and accumulated assets into Arab countries are reviewed and analyzed, with the values of mergers and acquisitions being monitored.

This section, thus, gives a complete picture of the FDI movement into the Arab world by monitoring actual inflows, together with foreign and Arab projects into the region, which were explained in the second and third sections.

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Section 4: FDI inflows and stocks into Arab countries in 2020

FDI inflows into Arab countries in 2020

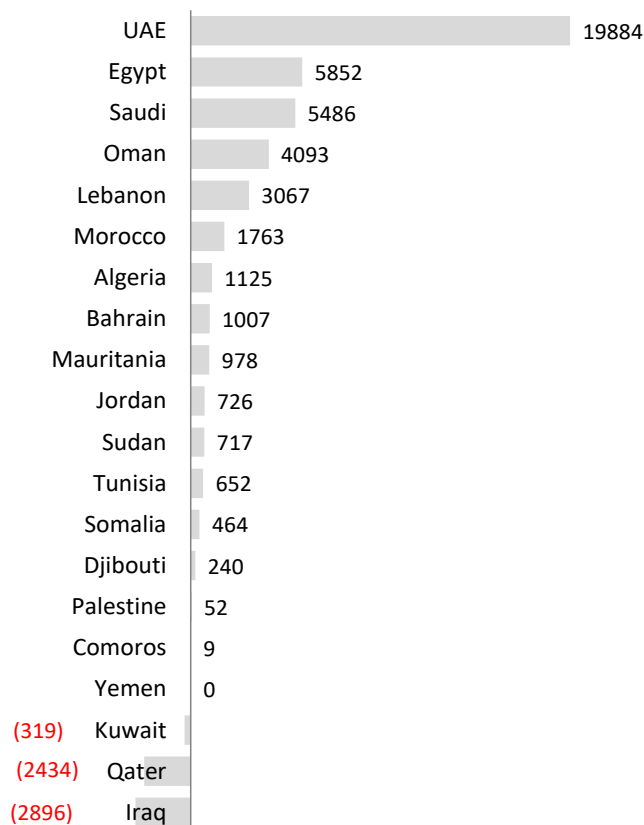
An unexpected hike in FDI inflows into Arab countries by 2.5% to USD 40.5 billion in 2020, led by UAE

- Unexpectedly, FDI inflows into Arab countries hiked by USD 1 billion or 2.5% to USD 40.5 billion in 2020 from USD 39.5 billion in 2019, according to the statistics of the United Nations Conference on Trade and Development (UNCTAD).
- The geographical concentration of FDI inflows continued, with the top five countries holding around 95% of the overall flows, led by the United Arab Emirates (UAE) by USD 19.9 billion (over 49%), followed by Egypt by USD 5.9 billion (14.5%), Saudi Arabia by USD 5.5 billion (13.6%), Oman by USD 4.1 billion (10.1%) and finally Lebanon by USD 3.1 billion (7.6%).
- During 2020, three countries (Iraq, Qatar and Kuwait) saw negative inflows of a total USD 5.7 billion, compared with negative inflows of USD 6.3 billion into three countries (Iraq, Qatar and Yemen) during 2019.
- Comoros saw the highest growth rate of inflows by 132.7%, followed by Lebanon by 49.3%, and then Saudi Arabia by 20.2%.

FDI inflows into Arab countries
2019 and 2020 (US\$ millions)

rankin g 2020	country	2019	2020	change	change %	share of total %
1	UAE	17875	19884	2010	11.2	49.1
2	Egypt	9010	5852	(3158)	(35.1)	14.5
3	Saudi Arabia	4563	5486	924	20.2	13.6
4	Oman	3420	4093	673	19.7	10.1
5	Lebanon	2055	3067	1012	49.3	7.6
6	Morocco	1720	1763	43	2.5	4.4
7	Algeria	1382	1125	(256)	(18.6)	2.8
8	Bahrain	1501	1007	(495)	(32.9)	2.5
9	Mauritania	887	978	91	10.2	2.4
10	Jordan	730	726	(4)	(0.5)	1.8
11	Sudan	825	717	(108)	(13.1)	1.8
12	Tunisia	845	652	(193)	(22.8)	1.6
13	Somalia	447	464	17	3.8	1.1
14	Djibouti	222	240	18	8.1	0.6
15	Palestine	132	52	(80)	(60.6)	0.1
16	Comoros	4	9	5	132.7	0.0
20	Yemen	(371)	0	371	(100.0)	0.0
17	Kuwait	104	(319)	(423)	(405.5)	(0.8)
18	Qatar	(2813)	(2434)	379	(13.5)	(6.0)
19	Iraq	(3076)	(2896)	180	(5.9)	(7.2)
TOTAL		39462	40466	1005	2.5	100

FDI inflows into Arab countries
2019 and 2020 (US\$ millions)



Section 4: FDI inflows and stocks into Arab countries in 2020

Inward FDI stocks into Arab countries in 2020

- Inward FDI stocks into Arab countries fell by USD 3.75 billion or 0.4% to USD 908.6 billion in 2020 from USD 912.3 billion in 2019, according to the UNCTAD's data.
- The top three countries held roughly 58% of the overall inward FDI stocks into Arab countries, with Saudi Arabia coming first by USD 241.9 billion (26.6%), followed by the UAE by USD 150.9 billion (16.6%) and Egypt by USD 132.5 billion (14.6%).
- The UAE recorded the highest growth rate of 15.2%, followed by Djibouti by 13.7% and then Oman by 13.1%.
- Four countries (Qatar, Lebanon, Kuwait and Palestine) saw a decline in the volume of inward stocks during 2020.

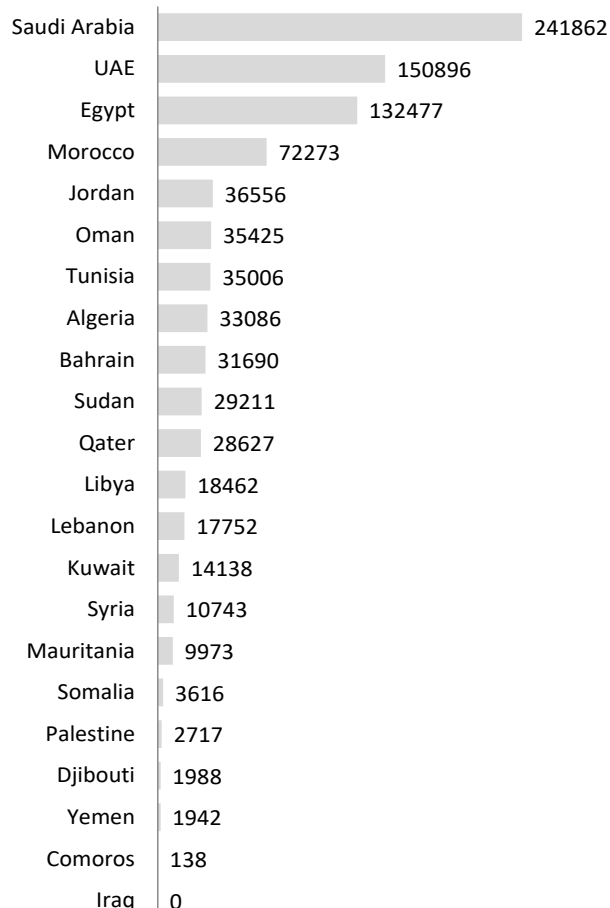
Inward stocks into the region dip by 0.4% to USD 912.3 billion in late 2020

Saudi Arabia, UAE and Egypt hold 58% of total inward investment stocks into the region

FDI instocks in Arab countries 2019 and 2020 (Millions of dollars)

ranking 2020	country	2019	2020	change	change %	share of total %
1	Saudi Arabia	236376	241862	5486	2.3	26.6
2	UAE	131012	150896	19884	15.2	16.6
3	Egypt	126639	132477	5838	4.6	14.6
4	Morocco	66551	72273	5722	8.6	8.0
5	Jordan	35760	36556	795	2.2	4.0
6	Oman	31332	35425	4093	13.1	3.9
7	Tunisia	31605	35006	3400	10.8	3.9
8	Algeria	31960	33086	1125	3.5	3.6
9	Bahrain	30684	31690	1007	3.3	3.5
10	Sudan	28494	29211	717	2.5	3.2
11	Qatar	31061	28627	(2434)	(7.8)	3.2
12	Libya	18462	18462	0	0.0	2.0
13	Lebanon	68020	17752	(50268)	(73.9)	2.0
14	Kuwait	14904	14138	(766)	(5.1)	1.6
15	Syria	10743	10743	0	0.0	1.2
16	Mauritania	8995	9973	978	10.9	1.1
17	Somalia	3152	3616	464	14.7	0.4
18	Palestine	2756	2717	(39)	(1.4)	0.3
19	Djibouti	1748	1988	240	13.7	0.2
20	Yemen	1942	1942	0	0.0	0.2
21	Comoros	129	138	9	6.6	0.0
22	Iraq	0	0	0	0.0	0.0
Total		912325	908576	(3749)	(0.4)	100

FDI instocks in the Arab countries 2019 and 2020 (Millions of dollars)



Source: UNCTAD: World Investment Report 2021

Section 4: FDI inflows and stocks into Arab countries in 2020

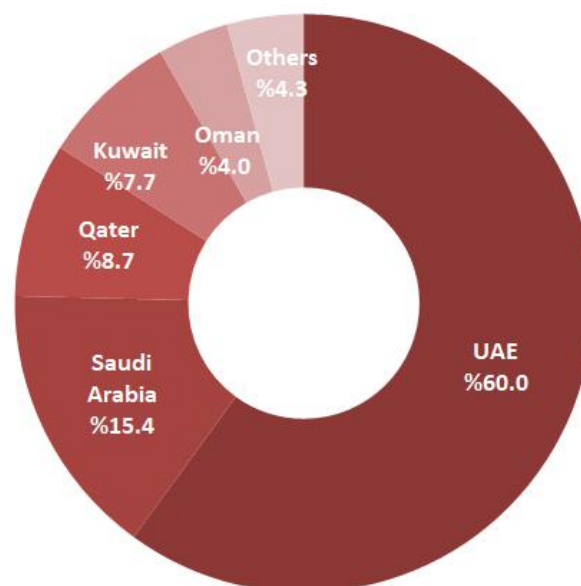
Arab FDI outflows during 2020

Arab FDI outflows drop by 20.5% to USD 31.4 billion

- Arab FDI outflows fell by 20.5% to USD 31.4 billion in 2020 from USD 39.5 billion in 2019, according to the UNCTAD's data.
- The UAE shared 60% of the overall FDI outflows at a value of approximately USD 19 billion during 2019, followed by Saudi Arabia by USD 4.85 billion (15.5%), Qatar by USD 2.7 billion (8.7%), Kuwait by USD 2.43 billion (7.7%), with the total share of the top five countries hitting 92.3%.
- Five countries recorded a growth of FDI outflows, with Oman coming first by 100.3%, followed by Tunisia by 98.9% and Mauritania by 26.1%.
- Twelve countries saw a fall in their FDI outflows during 2020.

UAE shares USD 19 billion or 60% of FDI outflows during 2020

Top Arab FDI source countries during 2020



FDI outflows from Arab countries 2019 and 2020 (US\$ millions)

ranking 2020	country	2019	2020	change	change %	share of total %
1	UAE	21226	18937	(2289)	(10.8)	60.4
2	Saudi Arabia	13547	4854	(8693)	(64.2)	15.5
3	Qatar	4450	2730	(1720)	(38.7)	8.7
4	Kuwait	(2495)	2427	4923	(197.3)	7.7
5	Oman	627	1255	629	100.3	4.0
6	Morocco	893	492	(401)	(44.9)	1.6
7	Egypt	405	327	(79)	(19.4)	1.0
8	Libya	345	205	(140)	(40.7)	0.7
9	Iraq	194	149	(46)	(23.5)	0.5
10	Palestine	56	61	5	8.9	0.2
11	Tunisia	22	43	22	98.9	0.1
12	Lebanon	303	28	(275)	(90.9)	0.1
13	Jordan	43	26	(17)	(39.0)	0.1
14	Algeria	31	16	(15)	(49.9)	0.0
15	Mauritania	5	6	1	26.1	0.0
16	Yemen	3	0	(3)	(100.0)	0.0
17	Bahrain	(197)	(205)	(8)	4.0	(0.7)
Total		39458	31351	(8107)	(20.5)	100

Source: UNCTAD: World Investment Report 2021

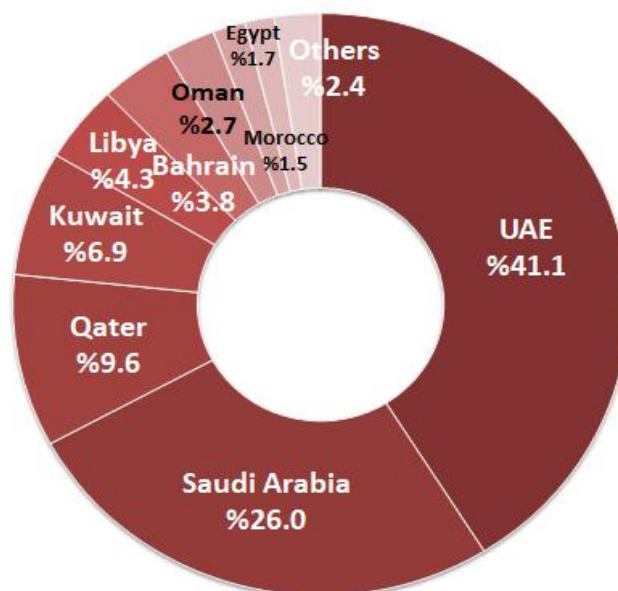
Section 4: FDI inflows and stocks into Arab countries in 2020

Outward Arab FDI stocks during 2020

Outward Arab FDI stocks
rise by 4% to
USD 495.8 billion

- Outward Arab FDI stocks increased by 4% to USD 495.8 billion during 2020 from USD 476.9 billion in late 2019, according to the UNCTAD's data.
- The UAE and Saudi Arabia had the lion's share in the region's outward FDI stocks by a total of USD 332.5 billion, accounting for 67.1% of the Arab total. The UAE came first by USD 203.7 billion (41.1%), followed by Saudi Arabia by USD 128.8 billion (26%).
- The volume of outward FDI stocks into 15 Arab countries rose at rates ranging between 18.4% for Morocco and 0.6% for Algeria, while it remained stable in Yemen and Syria. The figure plummeted in three countries, led by Lebanon by 75.2%.

UAE and Saudi Arabia
exported investments worth
USD 332.5 billion making up
67.1% of the Arab total

Top Arab FDI source countries
during 2020FDI outstocks from Arab countries
2019 and 2020 (US\$ millions)

ranki ng 2020	country	2019	2020	change	change %	share of total %
1	UAE	184790	203728	18937	10.2	41.1
2	Saudi Arabia	123904	128759	4854	3.9	26.0
3	Qatar	44780	47510	2730	6.1	9.6
4	Kuwait	32997	34328	1332	4.0	6.9
5	Libya	20943	21147	205	1.0	4.3
6	Bahrain	19147	18942	(205)	(1.1)	3.8
7	Oman	11992	13247	1255	10.5	2.7
8	Egypt	8155	8481	326	4.0	1.7
9	Morocco	6447	7630	1183	18.4	1.5
10	Lebanon	15931	3952	(11978)	(75.2)	0.8
11	Iraq	2869	3017	149	5.2	0.6
12	Algeria	2708	2723	16	0.6	0.5
13	Jordan	655	681	26	4.0	0.1
14	Yemen	672	672	0	0.0	0.1
15	Tunisia	526	603	78	14.8	0.1
16	Palestine	269	254	(15)	(5.6)	0.1
17	Mauritania	93	99	6	6.5	0.0
18	Syria	5	5	0	0.0	0.0
	Total	476881	495780	18899	4.0	100.0

Source: UNCTAD: World Investment Report 2021

Section 4: FDI inflows and stocks into Arab countries in 2020

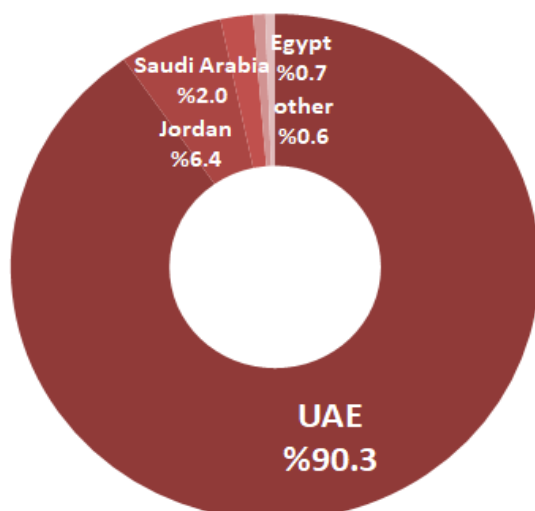
Merger and acquisition deals in Arab countries during 2019-2020

The value of sales for acquisition and merger in Arab countries edged up to USD 18.1 billion during 2020

- Mergers and acquisitions represent a considerable part of the overall FDI flows into the world in general, but in times of crisis, operations are always expected either to plummet due to uncertainty about future, or to grow as a result of corporate restructurings and the desire of some people to seize the opportunity to own new assets at low prices.
- In spite of the sharp drop in the number of mergers and acquisitions during the novel Coronavirus (Covid-19) pandemic, operations, mainly including digital and pharmaceutical industries, bounced back in a relatively swift mode, unlike the situation following the global financial crisis.
- Mergers and acquisitions in Arab countries were remarkably active during 2020 as sales shot up by USD 5.3 billion to USD 18.1 billion during 2020 from USD 12.8 billion during 2019, according to the UNCTAD's data.
- Out of seven Arab countries, which saw sales during 2020, the UAE held more than 90% of the total deals at a value of USD 16.4 billion, followed by Jordan by USD 1.16 billion (6.4%), Saudi Arabia by USD 359 million (2%) and Egypt by USD 135 million (0.7%).
- Buying for acquisition and merger in Arab countries largely fell during 2020, becoming a net negative value of USD 1.37 billion, compared with USD 3.39 billion during 2019.
- Out of six Arab countries, which witnessed buying for acquisition and merger during 2020, Oman came first by USD 635 million, followed by Kuwait by USD 526 million, Qatar by USD 451 million, Bahrain by USD 406 million, Tunisia by USD 179 million and finally Saudi Arabia by USD 14 million.

UAE held more than 90% of sale deals at a value of USD 16.4 billion

Top Arab countries in acquisition and merger deals during 2020



Value of net cross-border M&As in Arab countries for 2019 and 2020 (US\$ millions)

Rank	The state	Seller		change	Purchaser		change
		2019	2020		2019	2020	
1	UAE	9136	16392	7256	(1145)	(2810)	(1665)
2	Egypt	521	135	(386)	0	(782)	(782)
3	Saudi Arabia	1977	359	(1618)	1651	14	(1637)
4	Oman	3	0	(3)	(724)	635	1359
5	Lebanon	1	0	(1)	1020	0	(1020)
6	Morocco	17	28	11	43	0	(43)
7	Algeria	0	(8)	(8)	0	0	0
8	Bahrain	0	5	5	1576	406	(1170)
9	Mauritania	37	0	(37)	0	0	0
10	Jordan	0	1160	1160	23	7	(16)
11	Tunisia	144	(61)	(205)	0	179	179
12	Kuwait	897	50	(847)	127	526	399
13	Qatar	0	0	0	815	451	(364)
14	Iraq	60	0	(60)	0	0	0
15	Syria	0	25	25	0	0	0
Total		12793	18085	5292	3386	(1374)	(4760)

Source: UNCTAD: World Investment Report 2021

Section 4: FDI inflows and stocks into Arab countries in 2020

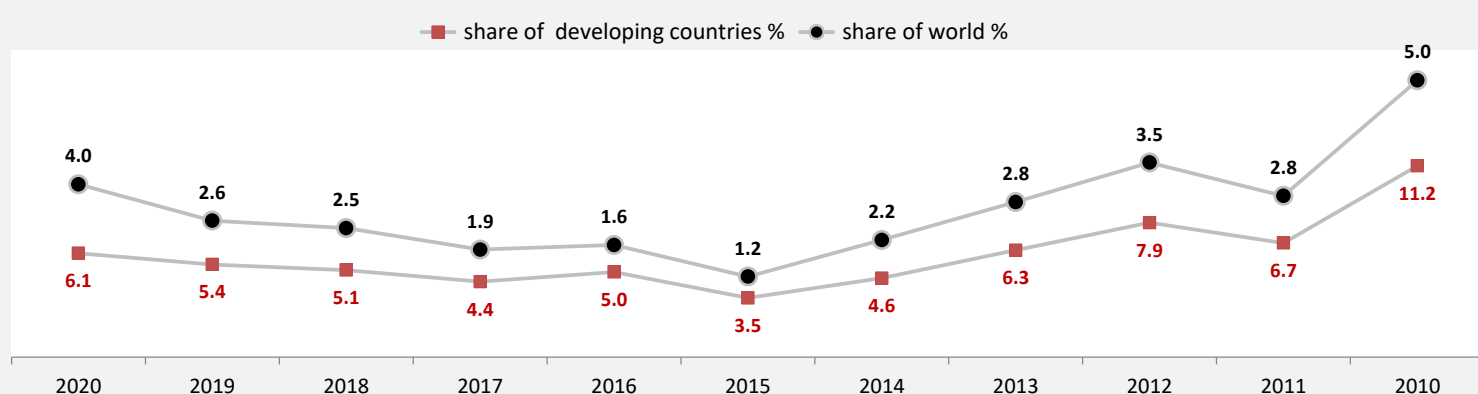
Evolution of inflows into Arab countries during 2010-2020

- Total FDI inflows into Arab countries exceeded USD 909.3 billion during the period between 1990 and 2020, with an annual average of 29.3 billion.
- Over the last three decades, FDI inflows into the Arab world dwindled away from an average of USD 4.2 billion during the last decade of the second millennium (1991-2000) to more than USD 49 billion during the first decade of the third millennium (2001-2010) before they dipped to USD 37.4 billion during the second decade of the third millennium (2011-2020).
- The overall FDI inflows into the Arab world between 2010 and 2020 exceeded USD 444 billion, with an annual average of USD 44.4 billion, which is almost the same level of 2020.
- The Arab world's average share of global FDI inflows hit 2.7% between 2010 and 2020, while the Arab average in the share of developing countries hit 6% during the same period.
- The Arab share improved during 2020 as a result of a dip in inflows to USD 662.6 billion in developing countries and to USD 999 billion in the world, as inflows into the region went up.
- The Arab countries saw the highest rate of inflows valued at USD 88.5 billion during 2008.

Arab countries' average of annual inflows hit USD 29.3 billion during 1990-2020

The Arab share in overall inflows into developing countries hit 6%, while the share in global flows reached 2.7%

Evolution of Arab countries' share of FDI inflows into developing countries and world



Evolution of FDI inflows into Arab countries and arab share of developing countries and the world

Ranking 2020	country	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
FDI inflows into Arab countries	US\$ Billion	69.9	44.6	52.7	41.1	31.4	25.4	32.7	31.1	35.4	39.3	40.4
FDI inflows into developing countries	US\$ Billion	622.5	666.5	667.6	655.7	678.1	730.4	653.9	702.5	692.5	723.4	662.6
FDI inflows into the world	US\$ Billion	1393.7	1612.9	1491.3	1453.5	1402.1	2032.3	2065.2	1647.3	1436.7	1530.2	998.9
Arab countries share of developing countries	%	11.2	6.7	7.9	6.3	4.6	3.5	5.0	4.4	5.1	5.4	6.1
Arab countries share of world	%	5.0	2.8	3.5	2.8	2.2	1.2	1.6	1.9	2.5	2.6	4.0

Source: UNCTAD: World Investment Report 2021



Findings:

The epidemic developments of the novel Coronavirus, in addition to the regional and world political and economic developments, have impacted on the investment climate and doing business environment in the Arab world during 2020. This was clearly shown in two main aspects:

Firstly: the ranking and rating of Arab countries in international indexes:

- The average ranking of Arab countries in all international indexes, except for the doing business environment, nosedived during 2020. This included the indexes of e-government, perceptions of corruption, global innovation, human development, governance and competitiveness, not to mention sovereign ratings and high risk ratings. The rating of a large number of countries in the region was even below the world average.
- Generally speaking, the Gulf Cooperation Council (GCC) countries, Morocco, Jordan, Tunisia, Egypt and Algeria respectively came in the lead in sovereign credit ratings and the indicators of global political, economic and financial risks. They were followed by the rest of Arab countries which were the scene of political and security tensions.
- The average of Arab countries in the doing business index improved by four places thanks to fast-track reforms by a total of 52 reforms, up 12 over 2019's figure. Still, the ranking was below the global average.
- Three countries ended the GCC member states' monopoly of the Arab region's top five positions in international indexes, notably Morocco (five times), Jordan (twice) and Tunisia (once).
- The UAE maintained its top position in all indexes, sovereign ratings and risk assessments by ranking between the 16th and 34th rankings globally.
- Saudi Arabia led the region's countries in the doing business index by improving by 29 places, followed by Jordan (27 places) and Bahrain (18 places).

Secondly: FDI into Arab countries in 2020

- FDI projects into Arab countries dropped by 38.3 % to 616 projects, with capital investment dipping by 40.5 % to USD 34 billion, in the worst performance by the region since 2003.
- North America was the top investor in the region in view of capital investment, led by the US which contributed 22.4 % of the overall investments. The UAE was the top destination country in number by 347 projects and Saudi Arabia in capital investment by USD 10.4 billion. In terms of sectors, business services, software and financial services had the top three positions respectively by a combined share of 50 % of the total projects, while chemicals, coal, oil and gas, and renewable energy were the top respectively in capital investment by a combined share of 55 %.
- Inter-Arab investment projects fell by 42 % to 110 projects and capital investment by 68.8 % to USD 4.8 billion, making up 14 % of the overall foreign investments into Arab countries. Saudi Arabia was the top destination by 29 projects with capital investment of USD 1.35 billion, as software came first by 20 projects and communications in capital investment by over USD 842 million..
- FDI inflows into Arab countries raised by 2.5% to USD 40.5 billion in 2020, making up 6.1% of the overall inflows into developing countries and 4% of the total global figure, which amounted to around USD 999 billion.



Recommendations:

Given political, economic and security challenges faced by most of the Arab countries in the attraction of foreign investments, and the negative impact of the novel Coronavirus and lockdown measures, the region's countries should set priority to the task of improving the investment and business environment. The fierce competition between the countries of the region and the world, for attracting investors, particularly multinational companies, amid the drop in their investment activities during the pandemic year, is also involved.

Accordingly, the region's countries should launch a nonstop long-term process to revamp their capability of drawing foreign investments by adopting the following moves:

Firstly: setting out a plan to improve the investment climate by pondering over existing potential and challenges in the investment climate, in collaboration with specialized local and international agencies, hinging upon a country's ranking in various international indexes, seeking existing and targeted local, regional and international investors' visions on investment challenges and future corporate priorities amidst the local, regional and international developments.

Secondly: naming a high-level implementation oversight agency that should have enough power over investment climate improvement bodies, dividing the reform task into several pillars and forming sub-committees of specialists and experts from international bodies that have already overseen previous successful regional and international experiments.

Thirdly: providing necessary potential and starting implementation: this should be based on several aspects, primarily the political, institutional, economic, legislative and procedural environment, infrastructure, utilities and production elements involving land provided with infrastructure facilities, well-trained staff, technology, modern management systems, in line with practical mechanisms that include the following elements:

- Developing a future vision and considering medium and long-term development plans for different sectors, with relevant details involving the private sector's role being made public.
- Studying successful Arab and international experiments in the swift and remarkable improvement of ranking in international indexes.
- Starting easy and low-cost but effective and fast-track reforms for pushing forward a country's ranking in international indexes.
- Hinging upon technology and online services in reforms will contribute to quick, transparent and low-cost implementation.
- Putting reforms, mainly legislative and procedural ones, in place in a decisive way through a strong will backed by a country's supreme authority.
- Partial or slow reforms are not enough for drawing investors since they may not lead to improving a country's ranking in international indexes as other countries could make deeper, more comprehensive and faster reforms.
- In spite of effective shared factors in all countries, differences between countries regarding resources, potential and challenges should be put into consideration.

Fourthly: promoting the investment climate and its developments: this should take place through promoting a country as a destination for investment, trade, technology transfer, tourism, human elements, knowledge and business in general, and having direct and continuing communication and interaction with key world investors, particularly multinational companies, in cooperation with specialized regional and international organizations and companies.

Fifthly: assessing and keeping up with advancements by seeking to improve the investment climate as a continuing and multifaceted dynamic connected with competition and changes in investment promotion factors, by evaluating and revising relevant plans, measuring the impact of foreign investments on the added value, export, operation and technology transfer, and finally by monitoring negative effects on environment and overuse of resources.

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