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

2019

Investment Climate in Arab Countries

Dhaman Investment Attractiveness Index

About Dhaman

The Arab Investment & Export Credit Guarantee Corporation (Dhaman) was established in 1974 as a joint Arab institution owned by the governments of Arab states and 4 Arab financial institutions with headquarters in Kuwait. Dhaman has been **highly rated by S&P for 12 consecutive years**. It is considered the first multilateral investment guarantee provider in the world.

Dhaman works towards achieving the following objectives:

- Promote the flow of foreign direct investment (FDI) into Arab countries through providing political risk insurance to Arab & non-Arab investors and lenders.
- Enhance Arab exports through providing political and commercial risk insurance to Arab exporters.
- Support Arab domestic trade through providing commercial risk insurance to local sales.
- Support economic growth in Arab countries through providing political & commercial risk insurance to non-Arab exporters and financial institutions involved in the sales of commodities, raw materials, equipment and other developmentally sound goods and services to Arab importers.
- Carry out research and knowledge sharing activities related to investment climate, export promotion and credit guarantee. Provide technical assistance to Arab FDI promotion agencies and cooperate with Arab & International organizations involved in investment promotion.

The Arab Organizations Headquarters Building P.O BOX 23568 Safat 13096, Kuwait

Date of Establishment	1/4/1974
Date of Commencement	1/4/1975
Director-General	**Mr. Abdullah A. A. A. Al Sabeeh**
Paid-up Capital	USD 300 Million
Reserves	USD 169 Million
Credit Rating	AA- Stable by Standard and Poor's Credit Rating Agency
Accumulated Guarantee Contracts 31/12/2018	USD 17.7 Billion
Dhaman's Organization Structure	• Shareholders' Council • Board of Directors • Director-General
Member Countries	All Arab League Member States except Comoros Islands
Financial Institutions (Shareholders)	• The Arab Fund for Economic and Social Development • The Arab Monetary Fund • The Arab Bank for Economic Development in Africa • The Arab Authority for Agricultural Investment and Development

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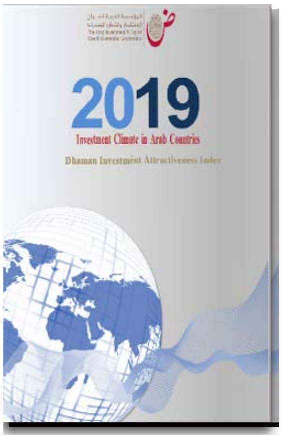
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Preface

34th Annual Investment Climate Report

The Arab Investment & Export Credit Guarantee Corporation (Dhaman) is keen on playing its role in disseminating knowledge and monitoring developments related to the investment climate in Arab countries in order to support the efforts of the region's governments, with a view to improving the attractiveness of the region's economies to foreign investments, which contribute the most to the achievement of social and economic development.

In this framework, the Arab Investment & Export Credit Guarantee Corporation is glad to present to its member States the thirty fourth annual report on the investment climate in Arab States for the year 2019, exposing and analyzing data and indices related to the performance of groups of Arab States in terms of foreign investment flows and their level of attractiveness to foreign investments according to a set of variables, which compose the “Dhaman FDI Attractiveness Index” and explain the discrepancy between different countries of the world in this regard.

This year’s report monitors developments in the investment climate in 109 countries including 16 Arab countries representing about 97% of the total inward FDI balances in the world and about 59% of the total inward FDI balances to the Arab region by the end of 2018.

The Corporation has continued to rely alternatively on the most important international sources of data and information that have been published on international foreign direct investment in Arab countries when timely access to needed data from national sources was not possible. This move was aimed at achieving the greatest level possible of comprehensiveness and geographical coverage as well as overcoming the obstacles represented by the lack of accurate and updated statistical information and data on investment, its components, sources and sectoral trends.

On this occasion, I would like to express my sincere gratitude and high appreciation to all the Arab entities that collaborated with Dhaman in the provision of data and information, which varied from one country to another in terms of comprehensiveness, updatedness and accuracy. I also invite all Arab stakeholders to reinforce their efforts to develop and update their data bases, according to international standards. And last but not least, I would like to extend my thanks to the research and studies administration team who prepared the report and to all other departments who contributed in a way or another to the provision of administrative and technical support for the completion of this report.

Dhaman’s administration hopes that the present report, along with national efforts and the rest of the corporation’s activities will contribute to laying strong objective foundations for attracting further capital inflows. The Corporation welcomes any comments or opinions that would develop the content of the report and strengthen its role in supporting foreign and inter-Arab trade and capital flows to the Arab region.

Finally, we ask Allah that the present report conveys its message and that the work reaches its goal.

Abdullah A. A. A. Al Sabeeh

Director General

Executive Summary

The 34th annual report on the investment climate in Arab States for the year 2019 exposes and analyzes data and indicators related to the performance of groups of Arab States in terms of foreign investment flows and their elements of attractiveness to foreign investments according to a set of variables that explain the discrepancy between different countries of the world in this regard. This year's report continues to use "Dhaman FDI Attractiveness Index" covering the same number of 109 countries representing about 97% of the total inward FDI balances in the world and about 95% of the total inward FDI balances to the Arab region by the end of 2018.

Part 1: Inward Foreign Direct Investment to Arab Countries in the Context of Globalization

Foreign Direct Investment in the World in 2018

FDI inflows in the world continued to decline by 13.4% and reached 1297 billion dollars despite the rise in cross-border mergers and acquisitions deals by 17.6%, reaching 816 billion dollars. Estimated FDI inflows balances to the world countries also decreased by 1.1% to reach 32,272 billion dollars by the end of 2018.

According to the latest statistics included in the 2019 World Investment Report, inward FDI flows in developing countries rose by 2.2% reaching 706 billion dollars as their share of global flows jumped to 54.4%.

In contrast, inward FDI flows to developed countries fell sharply by 26.7%, reaching 557 billion dollars in 2018, representing 42.9% of the global inflows. The reason behind this decrease is that inflows to Europe declined significantly by 55.2% to reach 172 billion dollars.

Regarding the activity of multinationals and their role in investment, the report observed an increase of 5.3% in the assets value of the branches of foreign companies in the world, reaching 110.5 trillion dollars by the end of 2018. Their sales grew to 27.3 trillion dollars while the workforce employed grew by 3.2% reaching 75.9 million workers.

Return on FDI increased by 108 billion dollars, a percentage of 6.4%, going up to 1779 billion dollars in 2018. The average return on FDI settled at 7% on investment balances for the same year. (Repeated below same color)

New FDI projects in the World 2018

Regarding return on new FDI projects in the world, the FDI Markets Database indicates that in the year 2018, 11593 companies launched some 20615 new projects around the world with a total investment cost estimated at $ 1.1 trillion, with an average of 52.3 million dollars per project. These projects have contributed over 2.9 million new jobs with an average of 142 jobs per project.

Inward FDI Flows and Balances in Arab Countries in 2018

Inward FDI flows in Arab countries continued to decrease but slightly by 0.34%, going from 31.3 billion dollars in 2017 to 31.2 billion dollars in 2018.

Inward investments in Arab countries represented 2.4% of the world total amount of 1297 billion dollars, and 4.4% of the developing countries' total amount of 706 billion dollars.

Inward FDIs in 2018 continued to be concentrated in a limited number of Arab countries, as the United Arab Emirates, Egypt and the Sultanate of Oman accounted for more than 68.5% of the total inward flows of Arab countries. The U.A.E. came in the first place with around 10.4 billion dollars, a share of 33.3%, followed by Egypt in the second place with a value of 6.8 billion dollars, a share of 21.8%. The Sultanate of Oman came in the third place with a value of 4.2 billion dollars and a percentage of 13.4% of the total Arab amount.

Inward FDI balances flowing to the Arab world increased at a rate of 3.4% to reach 889.4 billion dollars in 2018. Inward balances to the Arab world represented 2.8% of the global total of 32.3 trillion dollars in 2018.

Similarly to FDI flows, FDI balances were concentrated in a limited number of countries. Saudi Arabia, the UAE and Egypt accounted for more than 54.8% of the new FDI projects in the Arab world.

New FDI projects in the Arab Countries in 2018

The year 2018 witnessed the establishment of 876 new foreign investment projects in the Arab countries, a decline of 56 projects compared 2017, and these projects are related to 701 companies. Their investment cost was estimated at more than $ 83.5 billion, creating more than 134,200 job opportunities.

The Sultanate of Oman topped the list of countries receiving foreign investment projects in 2018 with $ 19.6 billion representing 23.5% of the total, followed by Saudi Arabia with $ 15.5 billion, a share of 18.6%, and the U.A.E. with $ 14.1 billion, a share of 16.9%.

In contrast, the U.A.E. topped the list of the most important investors in the region for 2018 with a value of 19.2 billion dollars, representing 23.1% of the total, followed by France with 15.4 billion dollars representing 18.45%, and Hong Kong with more than 6.9 billion dollars, a share of 8.3%.

The GCC countries acquired 635 new projects in 2018 for 525 companies at an investment cost of about $ 51.6 billion, creating more than 60,000 new jobs. The UAE accounted for 43.2% of these projects.

New Inter-Arab Investment Projects in 2018

According to the FDI Markets database, the year 2018 witnessed the establishment of 173 new projects in the region by 103 companies beyond their country's borders. The investment cost of these projects has been estimated at around 26.4 billion dollars, creating 32196 new job opportunities.

The Sultanate of Oman topped the list of Arab States with 58.4% of the total investments, followed by Egypt with 16.3% and KSA with 10.9%.

The real estate sector is considered the most important in attracting inter-Arab projects in 2018, with a share of about 63.6% of the total cost of projects followed by the coal, oil and gas sector with a share of 12.6%, and the food and tobacco sector with a share of 9.3%.

Regarding the countries serving as a source of inter-Arab investment flows in 2018, the U.A.E. topped the list of Arab countries in terms of investment cost with a share of 73% of the total, followed by Kuwait with a share of 10.2% and Saudi Arabia with a share of 10%.

Part 2: Arab Countries' Attractiveness to FDI

Dhaman FDI Attractiveness Index

Dhaman FDI attractiveness index is a composite measure that shows the availability of investment potential in world countries by monitoring 56 variables in various economic, social and institutional fields. Based on the values of these variables in each country, the index gives a certain score of a total of 100 points and then ranks them from best to worst according to the highest scores.

To facilitate presentation and draw conclusions, the 56 constituent variables of the index were distributed among 11 indicators, which include: macroeconomic stability, financial intermediation and financing capacities, institutional environment, business environment, market size and ease of access, human and natural resources, cost elements, logistics performance, agglomeration economies and excellence & technological advancement. For 2019 index, the number of countries listed under it remained stable at 109 from all over the world including 16 Arab states.

The 2019 index has witnessed four main changes in its constituents, resulting in a decrease in the number of its components from 57 to 56 in total, due to the following:

1. Financial intermediation and financing capacities indicator: all of its three components have been replaced representing the average of 6 variables of the financial advancement indicator issued by the International Monetary Fund (IMF), namely: 1- the financial depth sub-indicator (the average of the financial depth for institutions and financial markets sub-indicators), 2- the financial access sub-indicator (the average of the financial access for institutions and financial markets sub-indicators) and 3- the financial efficiency sub-indicator (the average of the financial efficiency for institutions and financial markets sub-indicators). These 3 new sub-indicators came to replace the previous 3 variables: 1- Ratio of broad money to GDP (M2 to GDP), 2- domestic credit to private sector as a percentage of GDP and 3- the state's share of the total mergers and acquisitions in the world. This change has been made because of the availability of up-to-date data for a larger number of countries and for the sake of improving the performance of the indicator measurement of the observed phenomenon.

2- Cost elements indicator: It witnessed the cancelation of one of its four constituents, which is the export cost based on documented engagements, and the adoption of a new component, the cross-border trade performance indicator (one of the sub-indicators of the business environment index issued by the World Bank), which relies on measuring the proximity to the maximum performance.

3- Logistics performance indicator: One of its seven constituents, which is the presence of infrastructure, has been cancelled because of the close link between that variable and the others within the indicator, which are: 1- efficiency of custom clearance services, 2- trade and transport infrastructure performance, 3- air shipping performance, 4- logistics quality, 5- tracking and tracing performance, 6- time of completion of transactions.

4- Agglomeration economies indicator: one of its components, which is the number of multinational companies operating in the country, has been replaced by a new component: the number of inward new FDI projects coming from OECD countries. This change has been made for reasons of the availability of timely data for the countries included in the index and for the sake of maintaining the accuracy of the indicator measurement of the observed phenomenon.

The Overall Arab Attractiveness Status

The results of the FDI attractiveness general index for 2019 show that Arab countries regressed to the fifth place among 7 geographic groups, with an average index of 38.4 points and average ranking of 71. The OECD countries claimed the first place, followed by East Asia and the Pacific countries in the second place. European and Central Asian countries came in the third place, Latin American and Caribbean countries ranked above Arab countries in the fourth place, while by South Asian countries in the sixth place and, finally, African countries in the seventh place.

In comparison with 2018 report, the attractiveness of Arab countries to FDI slightly decreased similarly to the index in all Arab groups. On the level of Arab groups, the results of the FDI attractiveness index show that the GCC countries (Saudi Arabia, United Arab Emirates, Kuwait, Qatar, the Sultanate of Oman and Bahrain) in general outperformed other Arab sub-regions with a score of 49.7 points out of 100 points in 2019, as they occupied the first position despite the decline in their performance compared to 2018. Levant states (Egypt, Lebanon and Jordan) ranked second with 38.5 points with a decline in their performance. In comparison with 2018's indicator, Maghreb States (Tunisia, Algeria and Morocco) came in the third place at the Arab level with 38 points and Low Performance States came last.

The Set of Prerequisites

The set of prerequisites refers to the necessary conditions that allow the host country to attract investments and without which it is impossible to attract investors.

The set includes four out of the eleven sub-indicators that constitute the FDI attractiveness index: macroeconomic performance, financial intermediation & financing capacities, institutional environment and the business environment indicator. Arab States tumbled down to the fifth place globally despite the improvement in the indicator's value.

The Set of Underlying Factors

The set of underlying factors refers to the main factors on which major investors base their decisions, particularly multinational corporations to invest or not in a specific country. The set includes 5 sub-indicators: market access and market potential, human and natural resources, cost components, logistics performance and telecommunications and IT. Arab States maintained their position in the fourth place globally in 2019 and their performance on the indicator improved.

The Set of Positive Externalities

The set of positive externalities refers to the different factors that enhance a country's assets for its integration with the global economy, its possession of technological excellence and advancement potential. It includes two sub-indicators: agglomeration economies and excellence & technological advancement.

Globally, Arab countries tumbled down two places and came in the sixth place as their performance declined in 2019 compared to 2018.

Arab World's Position on the Eleven Key Indicators in 2019

Macroeconomic Stability Indicator: the Arab performance has witnessed a great decline on this indicator and as a result, the region lagged behind in the seventh place although its performance on this index used to be much better than the global average and the best compared to the other 11 indicators. This is due to the decline in the performance of all Arab groups on this indicator except for the Levant States.

Financial Intermediation and Financing Capacities Indicator: the Arab performance indicator on this indicator improved and the region moved up to the third place globally. GCC States removed Levant States from the first place on the Arab level and the performance of all Arab groups improved.

Institutional Environment Indicator: The performance of Arab countries remained very modest as they ranked sixth globally with big discrepancies between Arab groups. In comparison with 2018, the performance of all Arab groups improved except for GCC countries.

Business Environment Indicator: Arab countries came in the fourth place globally, with GCC countries in the lead. In comparison with 2018, the performance of all Arab groups on this indicator improved.

Market Size, Potential and Ease of Access Indicator: The region came in the fourth place globally, with GCC countries in the lead with an average performance as they ranked first with an average almost equal to the global one. In comparison with 2018, the performance of GCC, Levant and Maghreb countries improved, while that of low-performance countries worsened.

Human and Natural Resources Indicator: The Arab performance came very close to the global average and the region ranked third worldwide. In comparison with 2018, the performance of all Arab geographic groups declined on the indicator, except for low low-performance countries that witnessed some improvement.

Cost Components Indicator: The Arab performance on this indicator came inferior to the already high global performance and the region ranked sixth globally. In comparison with 2018, the performance of all Arab groups improved.

Logistics Performance Indicator: Overall, the average Arab performance came lower than the global average of 48.2 points and the region ranked fourth globally on this indicator. Compared to 2018, the performance of all Arab groups deteriorated while that of GCC countries improved.

<u>Agglomeration Economies Indicator:</u> The Arab average performance came close to the global average on this indicator, but it outperformed the global average in terms of the cumulative balance of Investment Promotion Agreements sealed by the State. In comparison with 2018, the performance of all groups improved on this indicator.

<u>Technological Excellence and Advancement Indicator:</u> The Arab average performance came significantly lower than the global average. Compared to 2018, the performance of all Arab groups declined in varying proportions.

Arab Countries' Attractiveness Gap

The attractiveness gap reflects the challenge Arab countries are facing to improve their competitive position in attracting foreign investment. The Arab attractiveness gap, based on the average results of the OECD countries, as a geographical reference group, reached 38.4% in 2019, a level higher than the gap observed in 2018.

Monitoring and evaluation of the index results show that the majority of Arab countries have weaknesses, the most important of which are: positive external factors, especially the low level of technological advancement, high inflation rate, the ratio of budget deficit to GDP, challenges in the institutional environment, the business performance environment, the closed markets, the level of human capital and logistics performance.

<u>Part 3 : Arab Countries' Attractiveness to Foreign Direct Investment: Country Profiles</u>

This section contains the features of Arab countries included in the Dhaman FDI attractiveness distributed on two main axes. The first one highlights the development of the most important indicators related to the general economic performance, including FDI balances and the status of the concerned country in the composite Dhaman index and its sub-indicators. The second one focuses on The ranking of the country globally with the average ranking of the Arab and OECD countries (According to the components of the investment attractiveness index of 2019).

Statistical Appendix

In order to expand the utilization of the various data, information and statistical tables that it prepares annually for the purpose of finalizing the report, the Corporation puts at the disposal of researchers and decision makers concerned with growth and development issues a set of statistical data related to foreign direct investment, new for-eign investment projects, and the performance of Arab countries groups on the Dhaman FDI Attrac-tiveness Index.

To download the data in Excel format click on the report cover image displayed below:

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Inward Foreign Direct Investment to Arab Countries in the Context of Globalization

New FDI projects in the World in 2018

FDI inflows continued to decline by 13.4%, reaching 1297 billion dollars despite the rise in cross-border mergers and acquisitions deals by 17.6%, reaching 816 billion dollars. Estimated inward FDI balances flowing to the world countries also decreased by 1.1% to reach 32272 billion dollars by the end of 2018.

According to the latest statistics included in the 2019 World Investment Report, inward FDI flows in developing countries increased by 2.2% to reach 706 billion dollars. But despite the slight flow growth, their share of global flows jumped to 54.5% in 2018 compared to a share of 46.1% and 34.1% in 2017 and 2016 consecutively. Inflows to Asian countries witnessed a relatively great increase at a rate of 3.9% to 511.7 billion dollars in 2018, while inflows to Latin America & the Caribbean decreased by 5.6% to 146.7 billion dollars.

In contrast, inward FDI flows to developed countries fell sharply by 26.7%, reaching 557 billion dollars in 2018, representing 42.9% of the global inflows. The reason behind this decrease is that inflows to Europe fell sharply by 55.2% to reach 172 billion dollars in addition to a decline in inward FDI flows to the Northern America by 3.5% to reach 291.4 billions during the same year.

As for transitional economies, they continued witnessed a decrease in inward FDI flows by 28% reaching 34.2 billion dollars only.

FDI Indicators and Interrnational Production

(Current Prices, Billions of dollars)

Indicator	1990	2005–2007	2015	2016	2017	2018
FDI inflows	205	1,414	2,034	1,919	1,497	1,297
FDI outflows	244	1,451	1,683	1,550	1,425	1,014
FDI inward stock	2,196	14,475	26,313	28,243	32,624	32,272
FDI outward stock	2,255	15,182	26,260	27,621	32,383	30,975
Income on inward FDIa	82	1,028	1,513	1,553	1,691	1,799
Rate of return on inward FDI b	5	9	7	7	7	7
Income on outward FDIa	128	1,102	1,476	1,478	1,661	1,792
Rate of return on outward FDI b	8	10	6	6	6	6
Cross-border M&As	98	729	735	887	694	816
Sales of foreign affiliates	7,136	24,621	26,019	25,649	26,580	27,247
Value added (product) of foreign affiliates	1,335	5,325	6,002	5,919	6,711	7,257
Total assets of foreign affiliates	6,202	50,747	91,261	95,540	104,915	110,468
Employment by foreign affiliates (thousands)	28,558	59,011	69,533	70,470	73,571	75,897

Source: UNCTAD - WIR2019

Regarding the activity of multinationals and their role in investment, the report observed an increase of 5.3% in the assets value of the branches of foreign companies in the world, reaching 110.5 trillion dollars by the end of 2018. Their sales grew to 27.3 billion dollars while the workforce employed grew by 3.2% to 75.9 million workers.

Return on FDI rose by 108 billion dollars, a percentage of 6.4%, going up to 1779 billion dollars in 2018. The average return on FDI settled at 7% on investment balances for the same year.

Return on outward FDI also rose by $ 131 billion, a percentage of 7.9% to reach $ 1792 billion in 2018, and the return rate settled at 6% on investment balances for the same year.

Regional FDI Flows , (Billions of dollars)

Region	FDI Inflows				FDI Outflows			
	2015	2016	2017	2018	2015	2016	2017	2018
Developed economies	**1,268.6**	**1,197.7**	**759.3**	**556.9**	**1,243.5**	**1,105.1**	**925.3**	**558.4**
Europe	715.0	611.7	384.0	171.9	774.9	579.6	375.5	418.4
North America	511.5	507.8	302.1	291.4	331.8	359.2	380.2	-13.1
Developing economies	**728.8**	**656.3**	**690.6**	**706.0**	**407.0**	**419.9**	**461.7**	**417.6**
Africa	56.9	46.5	41.4	45.9	9.7	9.5	13.3	9.8
Asia	514.4	473.3	492.7	511.7	372.6	399.1	411.9	401.5
East & South East-Asia	432.0	387.0	412.0	428.2	324.2	352.8	361.7	341.1
East Asia	317.8	270.3	267.8	279.5	255.2	302.7	290.8	271.5
South−East Asia	114.3	116.8	144.2	148.7	69.0	50.1	70.8	69.6
South Asia	51.2	54.2	52.3	54.2	7.8	5.5	11.5	11.2
West Asia	31.2	32.1	28.4	29.3	40.5	40.8	38.8	49.2
Latin America and the Caribbean	155.9	135.3	155.4	146.7	24.9	11.1	36.4	6.5
Oceania	1.6	1.1	1.1	1.7	**-0.1**	0.1	0.1	**-0.2**
Transition economies	**36.4**	**64.7**	**47.5**	**34.2**	**32.1**	**25.2**	**38.5**	**38.2**
World	**2,033.8**	**1,918.7**	**1,497.4**	**1,297.2**	**1,682.6**	**1,550.1**	**1,425.4**	**1,014.2**

Source: UNCTAD - WIR2019

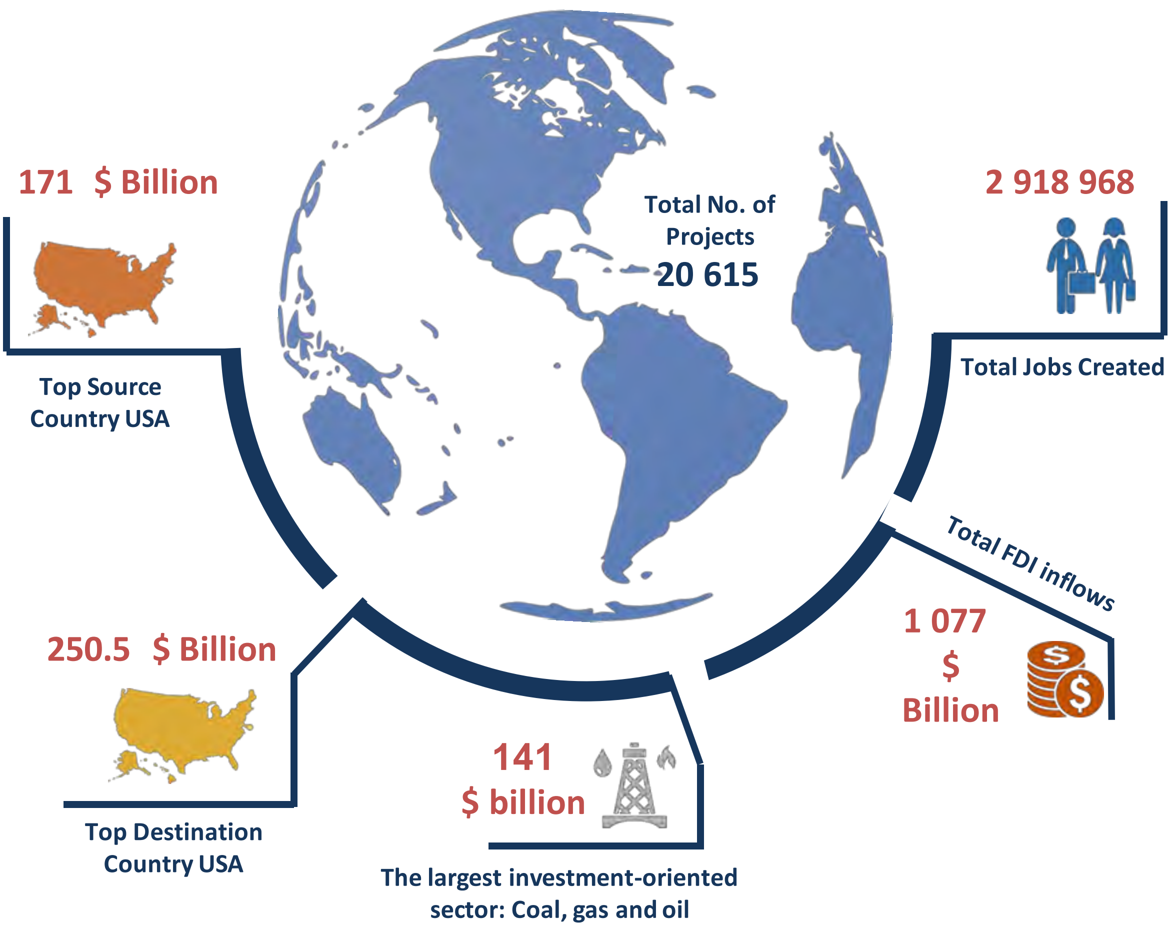
New FDI projects in the World in 2018

The FDI Markets Database, prepared by the Financial Times, indicates that in the year 2018, 593,11 companies launched some 20615 new projects around the world with a total investment cost estimated at $ 1.1 trillion, with an average of 52.3 million dollars per project. These projects have contributed over 2.9 million new jobs with an average of 142 jobs per project.

Compared with 2017, the year 2018 witnessed an improvement in the indicator on the number of projects and the number of companies executing them. The indicators for the total investment cost of the projects and the jobs they provided also rose.

As for the period between 2003 and 2018, the world saw global companies launch more than 270 thousand new projects around the world, with a total investment cost of more than $ 14.3 trillion, averaging $ 53 million per project. These projects have contributed more than 40 million new jobs with an average of 149 jobs per project.

An overview of the world's new investment



Source: FDI Markets

Foreign Direct Investment in Arab Countries in 2018

Inward FDI flows in Arab countries continued to decrease but slightly by 0.34%, going from 31.3 billion dollars in 2017 to 31.2 billion dollars in 2018.

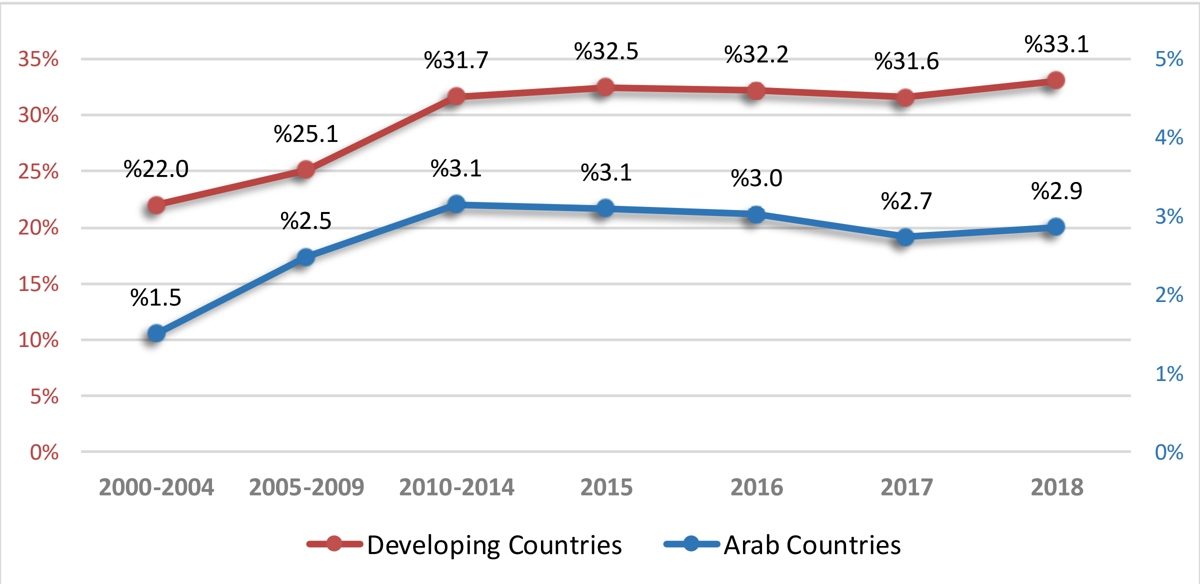
Inward investments in Arab countries represented 2.4% of the world total amount of 1,297 billion dollars, and 4.4% of the developing countries' total amount of 706 billion dollars. Over the last decade, the share of Arab countries of the total world flows had been stable at 3% from 2008 to 2012 before starting to decline in 2013 to 1.3 and 1.7% in the years 2015 and 2016, then to 2.1% in 2017 before rising a bit to 2.4% in 2018.

Inward FDIs continued in 2018 to be concentrated in a limited number of Arab countries, as each of the United Arab Emirates, Egypt and the Sultanate of Oman accounted for more than 68.5% of the total inward flows of Arab countries. The U.A.E. came in the first place with around 10.4 billion dollars, a share of 33.3%, followed by Egypt in the second place with a value of 6.8 billion dollars, a share of 21.8%. The Sultanate of Oman came in the third place with a value of 4.2 billion dollars and a percentage of 13.4% of the total Arab amount, and Morocco in the fourth place with a value of 3.6 billion dollars, a share of 11.7%. Saudi Arabia came in the fifth place with a value of 3.2 billion dollars, a share of 10.3% of the total.

Inward FDI balances flowing to the Arab world increased at a rate of 3.4% to reach 889.4 billion dollars in 2018. Inward balances to the Arab world represented 2.9% of the global total of 32.3 trillion dollars in 2018.

Similarly to FDI flows, FDI balances were concentrated in a limited number of countries. Saudi Arabia, the UAE and Egypt accounted for more than 54.8% of the overall inward balances to the Arab world. KSA ranked first with 230.8 billion dollars and a stake of 25.9% of the overall inward FDI balances in the Arab world, followed by the UAE in the second place with 140.3 billion dollars and a share of 15.8%, Egypt in the third place with 116.4 billion dollars and a share of 13.1% of the Arab total.

Arab countries & Developing countries' share of total FDI inflows to world (%)



Source : UNCTAD WIR2019

New FDI projects in Arab Countries in 2018

The year 2018 witnessed the establishment of 876 new foreign investment projects in the Arab countries, an increase of 56 more projects compared 2017, and these projects are related to 701 companies. Their investment cost was estimated at more than $ 83.5 billion, providing more than 134.2 thousand job opportunities.

The Gulf Cooperation Council (GCC) countries acquired 635 new investment projects in 2018 related to 525 companies at an investment cost of around 51.6 billion dollars. The projects provided more than 60 thousand new job opportunities. The UAE accounted for 43.2% of those projects.

The Sultanate of Oman topped the list of countries receiving FDI projects in 2018 with $ 19.6 billion representing 23.5% of the total, followed by Saudi Arabia with $ 15.5 billion, a share of 18.6% and the U.A.E. with $ 14.1 billion, a share of 16.9%.

The U.A.E. topped the list of the most important investors in the region for 2018 with a value of 19.2 billion dollars, representing 23.1% of the total, followed by France with 15.4 billion dollars representing 18.45%, and Hong Kong with more than 6.9 billion dollars, a share of 8.3%.

Historically, the number of FDI projects in the Arab countries increased from 460 projects in 2003 to 1324 projects in 2008 and then witnessed a general trend of decline with the repercussions of the global financial crisis as of 2009 until it fell again to 769 projects in 2015. The number climbed back to 809 projects in 2017.

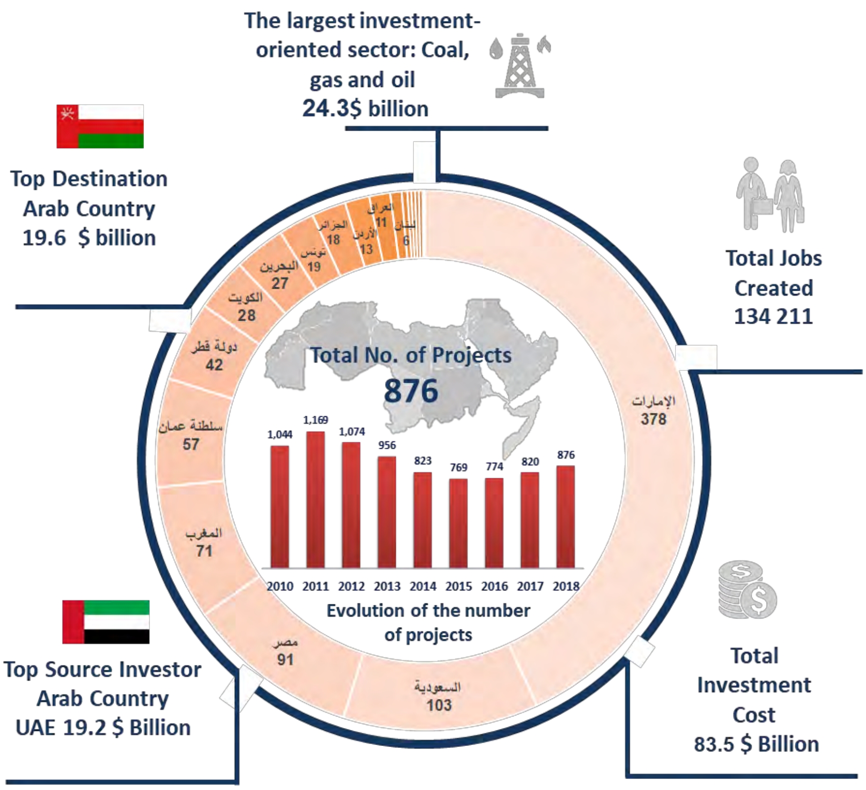
Between 2003 and 2017, the number of foreign companies operating in the Arab countries was estimated at 7350 companies, a percentage of 8.5% of the total number of companies investing outside their borders in the world, roughly estimated at 86600 thousand companies, which invest in more than 13 thousand projects in the Arab region, a percentage of 5.2% approximately of the total number of foreign projects in the world estimated at 249 thousand projects.

Between 2003 and 2017, FDI companies in the region were concentrated in a limited number of countries, the first of which was the UAE, which had 3959 companies, representing 53.9% of the Arab total, followed by Saudi Arabia with 1035 companies, representing 14.1% of the Arab total. Morocco ranked third with 761 foreign companies accounting for 10.4% of the total. The total investment cost or expenditure of FDI projects in Arab countries between 2003 and 2017 was estimated at more than $ 1.1 trillion, a percentage of 8.5% of the world total of $ 13.3 trillion. The total employment opportunities provided by these projects was estimated at more than 1.9 million job opportunities representing 5.9% of the world total amounting to 37.5 million jobs.

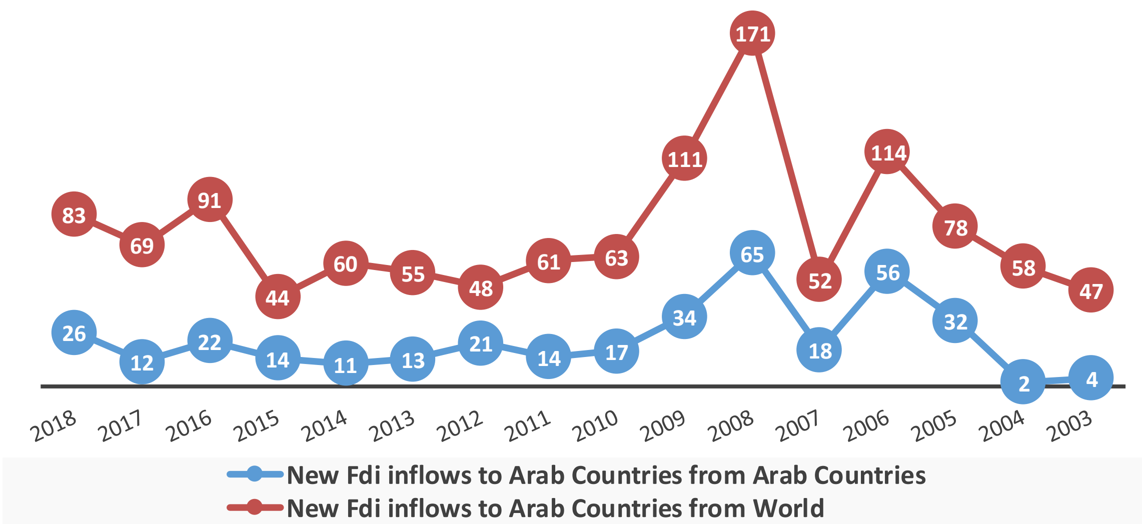
Historically, the number of FDI projects in the Arab countries increased from 460 projects in 2003 to 1,325 projects in 2008 and then witnessed a general trend of decline with the repercussions of the global financial crisis as of 2009 until it fell again to 769 projects in 2015. The number climbed back to 876 projects in 2018.

Between 2003 and 2018, foreign companies operating in the Arab countries have been able to invest in around 14 thousand projects in the Arab region, a percentage of 5.1% approximately of the total number of foreign projects in the world estimated at 270 thousand projects.

The total investment cost or expenditure of FDI projects in Arab countries between 2003 and 2018 was estimated at more than $ 1.2 trillion, a percentage of 8.4% of the world total of $ 14.3 trillion. The total employment opportunities provided by these projects was estimated at more than two million job opportunities representing 5% of the world total amounting to 40.2 million jobs.



Evolution of Greenfield Fdi Projects into Arab Countries



Source: FDI Markets

Inward Greenfield Projects to Arab Countries from World 2018

Hosting Country	No. of Projects	Capex ($ Million)	Jobs Created	Companies
Oman	57	19,635	10,897	44
Saudi Arabia	103	15,537	10,679	92
UAE	378	14,130	29,322	353
Egypt	91	12,453	32,273	73
Algeria	18	9,259	10,349	17
Morocco	71	4,485	15,351	66
Iraq	11	2,851	1,673	8
Bahrain	27	1,426	3,502	25
Libya	2	1,023	1,703	2
Tunisia	19	554	9,657	18
Qatar	42	534	3,571	39
Jordan	13	387	1,233	12
Kuwait	28	341	2,467	26
Djibouti	1	220	131	1
Somalia	3	170	448	3
Syria	2	155	369	2
Lebanon	6	147	185	6
Palestine	2	128	358	2
Sudan	2	25	43	2
Total	876	83,458	134,211	701

Source: FDI Markets

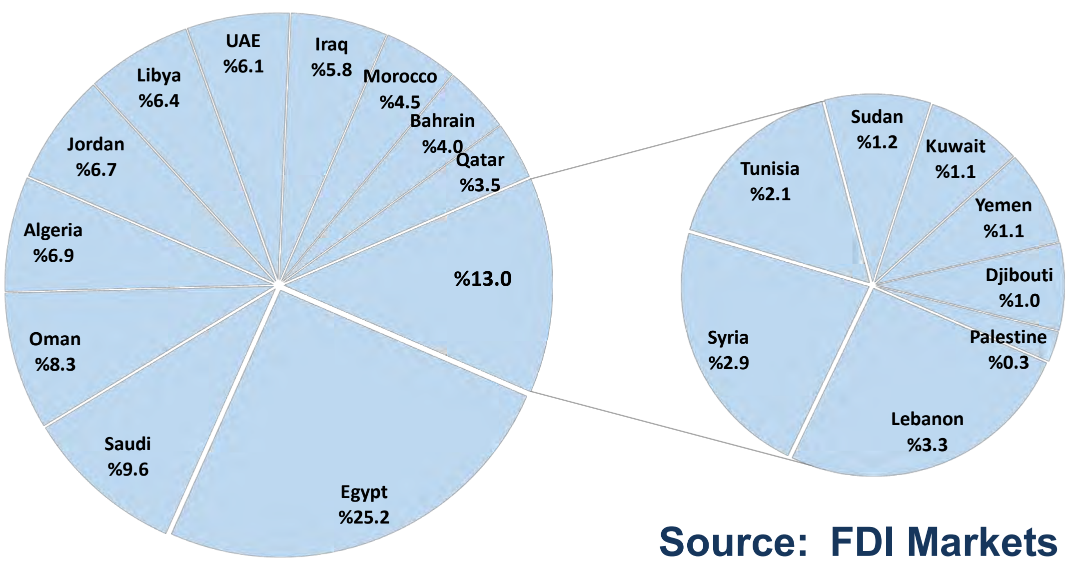
New Inter-Arab Investment Projects in 2018

The Cost of New Intra-Arab Projects in 2018

According to the FDI Markets database developed by the Financial Times, considered as one of the most inclusive databases that cover the overall new FDI projects all over the world and in all sectors as of 2003, the following can be drawn:

- In 2018, 103 Arab companies established 173 new projects in the region beyond their country's borders. The investment cost of these projects has been estimated at around 26.4 billion dollars, creating 32196 new job opportunities.
- In terms of countries receiving inter-Arab investment inflows in 2018, the Sultanate of Oman topped the list of Arab States with 58.4% of the total investments, followed by Egypt with 16.3% and KSA with 10.9%.
- Regarding countries with inter-Arab investment outflows in 2018, the U.A.E. topped the list with a share of 73% of the total, followed by Kuwait in the second place with a share of 10.2% and Saudi Arabia in the third place with 10%.
- The real estate sector is considered the most important in attracting inter-Arab projects in 2018, with investments amounting to 16.9 billion dollars with a share of about 63.6% of the total cost of projects followed by coal, oil and gas sector with US $ 3.3 billion, a share of 12.6%, the food and tobacco sector with $ 2.5 billion and 9.3%, the alternative energy sector in the fourth place with a value of $ 591 million and a 2.2% share.
- The total cost of inter-Arab investment projects between 2003 and 2018 was estimated at more than $ 361.7 billion with an increase of $ 26.4 billion, which is 7.9%, compared with $ 335.3 billion by the end of 2017.
- Regarding the countries receiving the inter-Arab investment flows during the period between 2003 and 2018, Egypt topped the list of Arab countries by acquiring projects worth 90.9 billion dollars and 25.2% of the total investments during the period followed by Saudi Arabia with 34.8 billion dollars and 9.6% of the total, and the Sultanate of Oman in the third position with $ 29.9 billion, a share of 8.3%.
- Concerning countries with inter-Arab investment outflows between 2003 and 2018, the UAE topped the list with $ 183.6 billion, or 50.8% of the total, followed by Kuwait with $ 43 billion and 11.9%. Bahrain ranked third with $ 38.7 billion and a share of 10.7%.

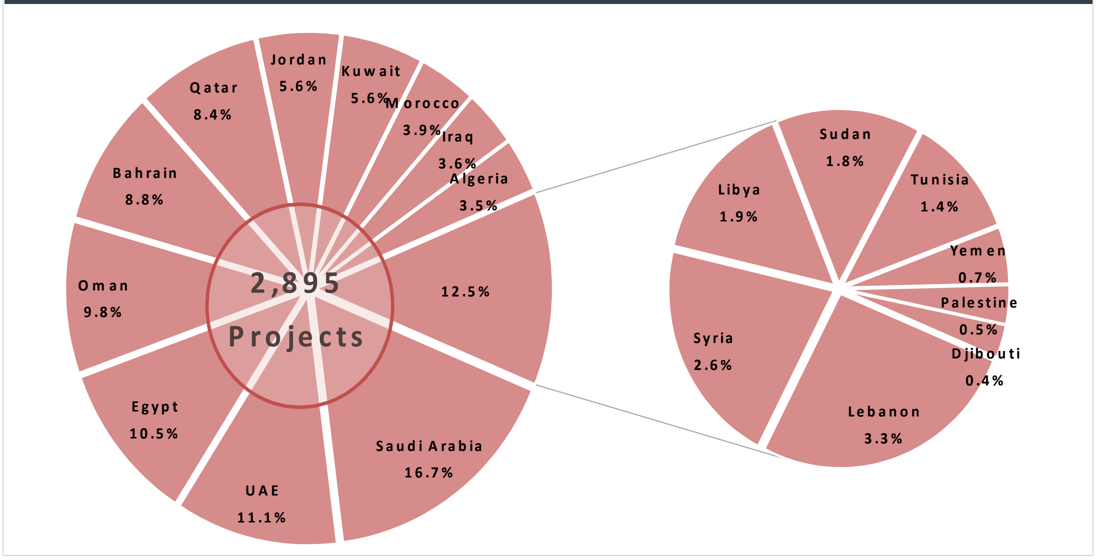
Destribution of Inter-Arab Greenfield Fdi Projects (CAPEX) between 2003 & 2018 (by destination)



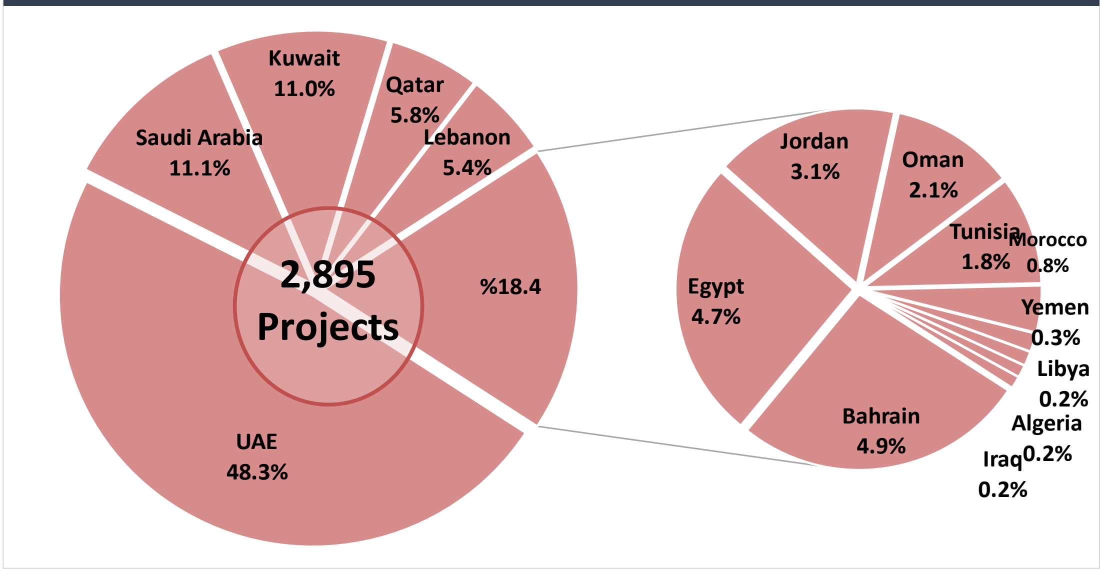
Source: FDI Markets

Number of New Intra-Arab Projects in 2018

Destribution of Inter-Arab Greenfield Fdi Projects (No. of Projects) between 2003 & 2018 (by destination)



Destribution of Inter-Arab Greenfield Fdi Projects (No. of Projects) between 2003 & 2018 (by source)



Source: FDI Markets Database

The financial services sector is considered the most remarkable in attracting inter-Arab projects in 2018 with 15.6% of the number of projects. The textiles sector came in the second place with a share of almost 13.9% of the total number of projects, followed by the consumer goods sector with a share of 13.3%.

As for countries receiving inter-Arab investment flows during 2018, Saudi Arabia topped the list of Arab countries by acquiring 37 projects representing 21.4% of the total number of projects, followed by the Sultanate of Oman with a share of 19.1% and Egypt with a share less than 16.8%.

In term of countries exporting inter-Arab investments in 2018, the UAE came in the first position with 51.4% of the total number of projects, followed by Kuwait and Egypt with 7% each.

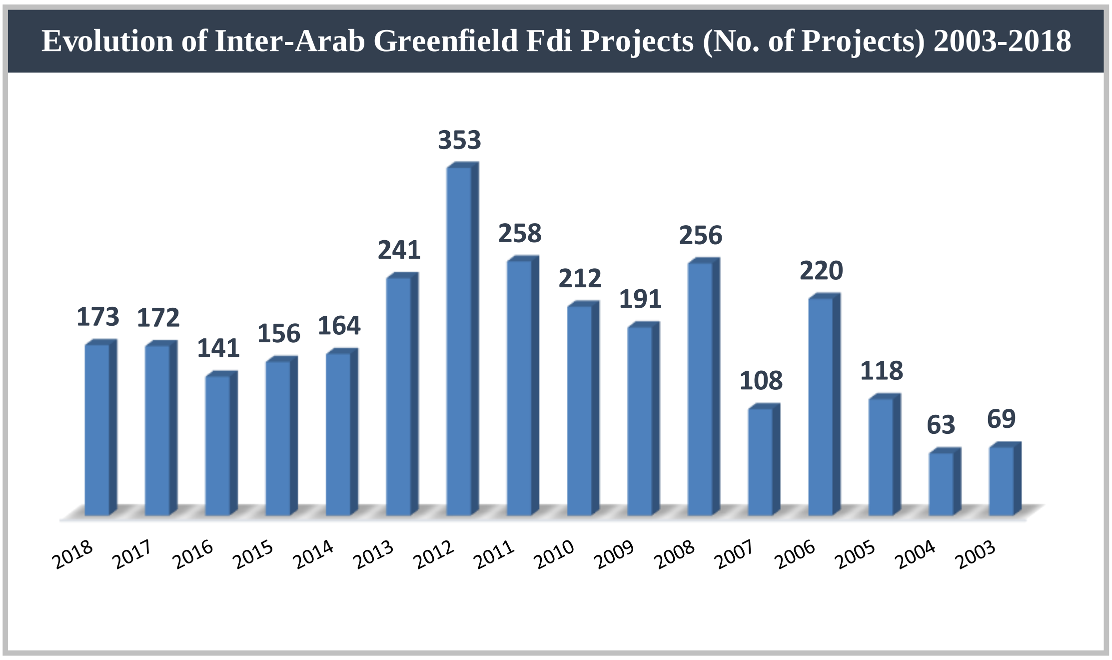
The number of inter-Arab investment projects during the period between 2003 and 2018 was estimated at 2895 projects. As for countries receiving inter-Arab investment projects during the same period, Saudi Arabia topped the list with 482 projects representing 16.7% of the Arab total, followed by the UAE in the second position with 319 projects and a share of 11.1%. Egypt ranked third with 301 projects representing 10.5%.

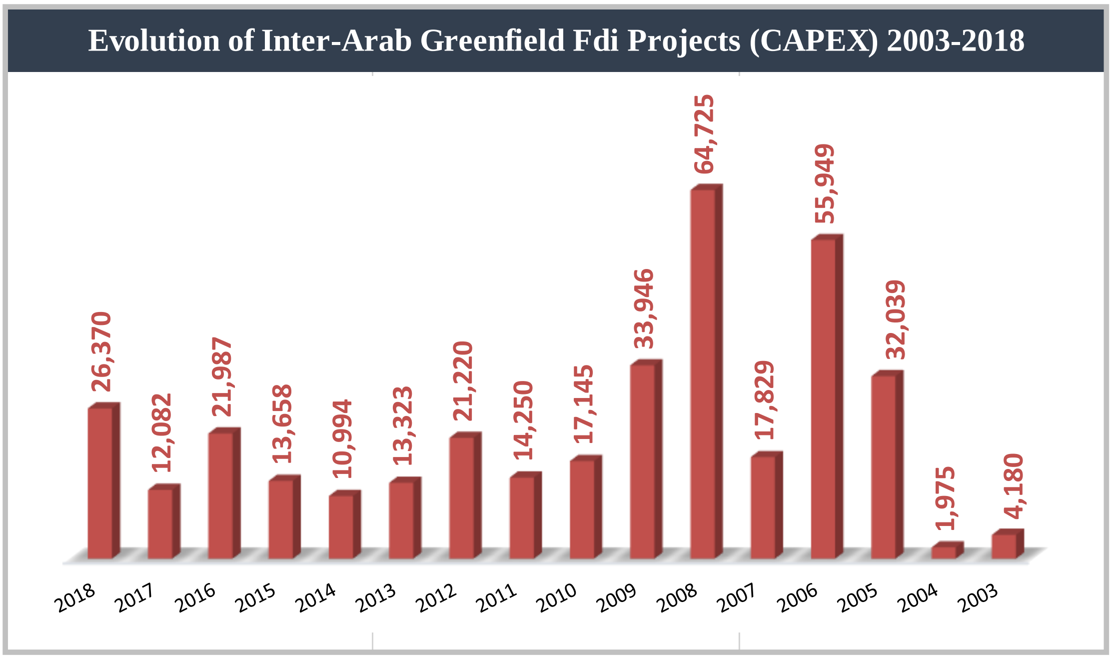
Regarding countries with outward investment projects for the same period, the UAE ranked first with 1396 projects representing 48.3% of the Arab total, followed by Saudi Arabia in the second place with 320 projects accounting for 11.3% and Kuwait in the third place with 318 projects and a stake of 11%.

Intra-Arab Investment Projects Progress

During the period between 2003 and 2018, the indicators for inter-Arab investments witnessed a clear fluctuation. The indicators for the number of companies, projects and inter-Arab investment costs increased from 2003 to 2006 before declining again in 2007.

Also during the year 2008, before the repercussions of the global financial crisis appeared, the various inter-Arab investment indicators rose before declining again in 2009 and then projects cost continued to decline until 2011, affected by repercussions of the events that hit the region and their implications began to unfold as of 2013





Source: FDI Markets

Changes in the Sectoral Distribution

The sectoral distribution witnessed some changes during the last decade, between 2008 and 2018. The number of projects shows a clear rise in the relative importance of the textile sector from zero% to 13.9% approximately, thus becoming the second most important sector, while the financial services sector witnessed a great decline from 25.4% to 15.6%.

In terms of the investment cost of the projects, the sectoral distribution of inter-Arab projects also witnessed a change between 2008 and 2018. The relative importance of the real estate sector stabilized significantly at around 64% and that of the coal, oil and gas sector stagnated at 13% against a significant decline in the relative importance of the hotels and tourism from 6% to less than 1%.

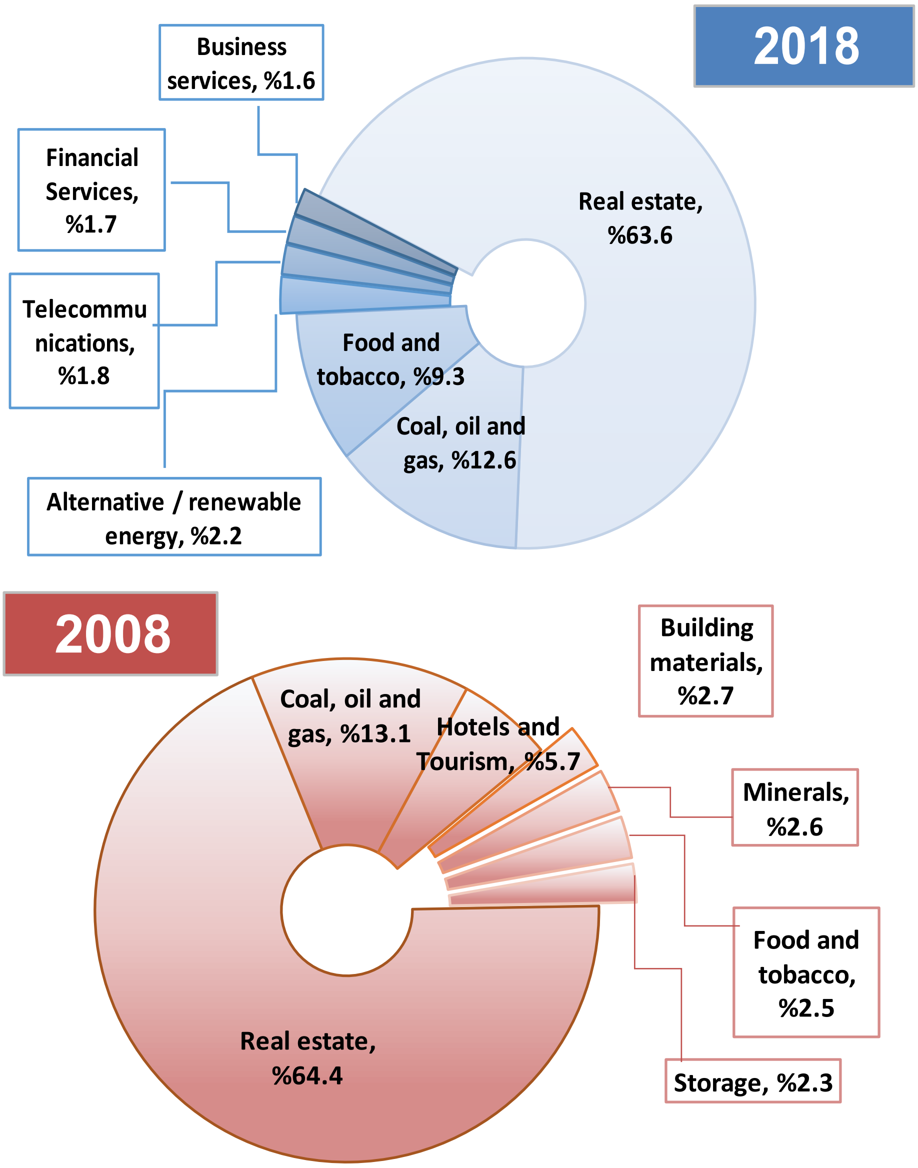
Between 2003 and 2018, Majid Al Futtaim Group came in the first place with investments reaching some $ 28 billion in 64 projects, followed by the Bahraini Al Khaleej Development Company (Tameer) as the second most important investor in inter-Arab investment projects with an investment cost of $ 21.6 billion, the Emirati company Emaar with $ 18 billion, and the Emirati company Al Maabar with $ 11.6 billion and the Qatari Barwa Real Estate Company with $ 10.9 billion.

The 10 largest companies in terms of investments contributed about 37% of the inter-Arab investments during that period.

In terms of number of projects between 2003 and 2018, Landmark came first with 91 projects, followed by EMKE Group in the second place with 88 projects, Majid Al Futtaim Group with 64 projects, Al Futtaim Group with 35 projects and Emaar with 33 projects. These were followed by Rotana Hotels with 32 projects, Zain Telecom with 21 projects, Kuwait Finance House with 19 projects, Orascom Group with 18 projects and Dubai Islamic Bank with 17 projects.

The top ten companies in terms of the number of projects contributed about 14 % of the number of inter-Arab projects during that period.

Intra-Arab investment projects (Capital Expenditure,CAPEX) by sectoral destribution



Source: FDI Markets

2

FDI Attractiveness of Arab Countries

Dhaman's FDI Attractiveness Index

The attractiveness of countries to foreign investment is linked to three major sets of determinants. Each group consists of a number of sub-indicators that contribute to the total overall and institutional factors and criteria considered by multinational corporations, which are the engine and the key player in foreign investment, when evaluating the potential host country for investment.

Therefore, Dhaman FDI attractiveness Index consists of three main groups with 11 sub-indicators, which in turn are divided into 56 quantitative variables, the vast majority of which is the average value of the variable over the three available years (in this version from 2016 to 2018). This is aimed at enhancing the strength of the results and reducing the impact of fluctuations in the data resulting from external and internal shocks, which may temporarily keep some variables away from their normal level. The variables have been compiled from international, regional and local sources and databases, and collectively measure the ability of States to attract foreign investment.

Changes in Dhaman's FDI Attractiveness Index

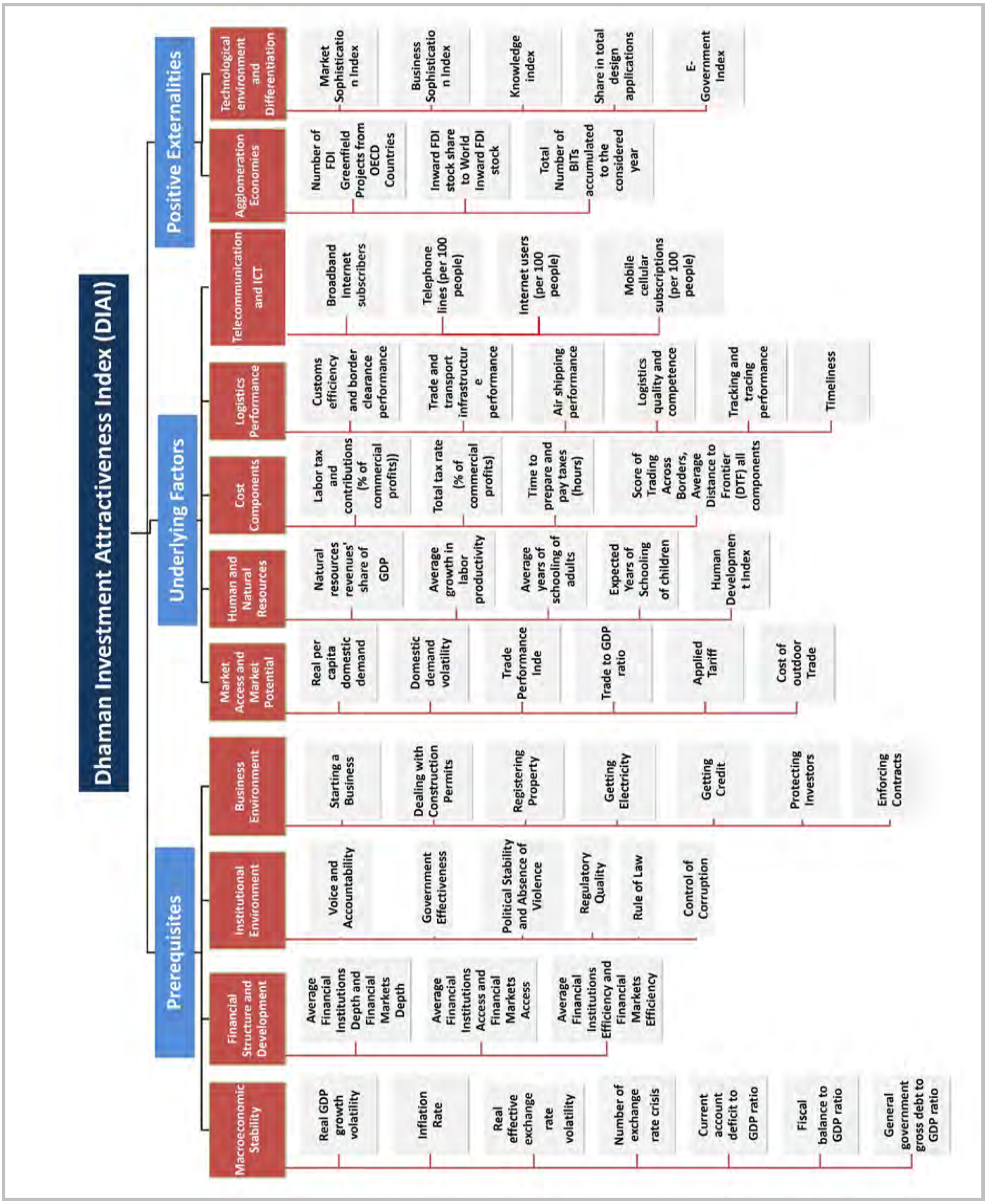
The 2019 index has witnessed four main changes in its constituents, resulting in a decrease in the number of its components from 57 to 56 in total, due to the following:

1. Financial intermediation and financing capacities indicator: all of its three components have been replaced representing the average of 6 variables of the financial advancement indicator issued by the International Monetary Fund (IMF), namely: 1- the financial depth sub-indicator (the average of the financial depth for institutions and financial markets sub-indicators), 2- the financial access sub-indicator (the average of the financial access for institutions and financial markets sub-indicators) and 3- the financial efficiency sub-indicator (the average of the financial efficiency for institutions and financial markets sub-indicators). These 3 new sub-indicators came to replace the previous 3 variables: 1- Ratio of broad money to GDP (M2 to GDP), 2- domestic credit to private sector as a percentage of GDP and 3- the state's share of the total mergers and acquisitions in the world. This change has been made because of the availability of up-to-date data for a larger number of countries and for the sake of improving the performance of the indicator measurement of the observed phenomenon.

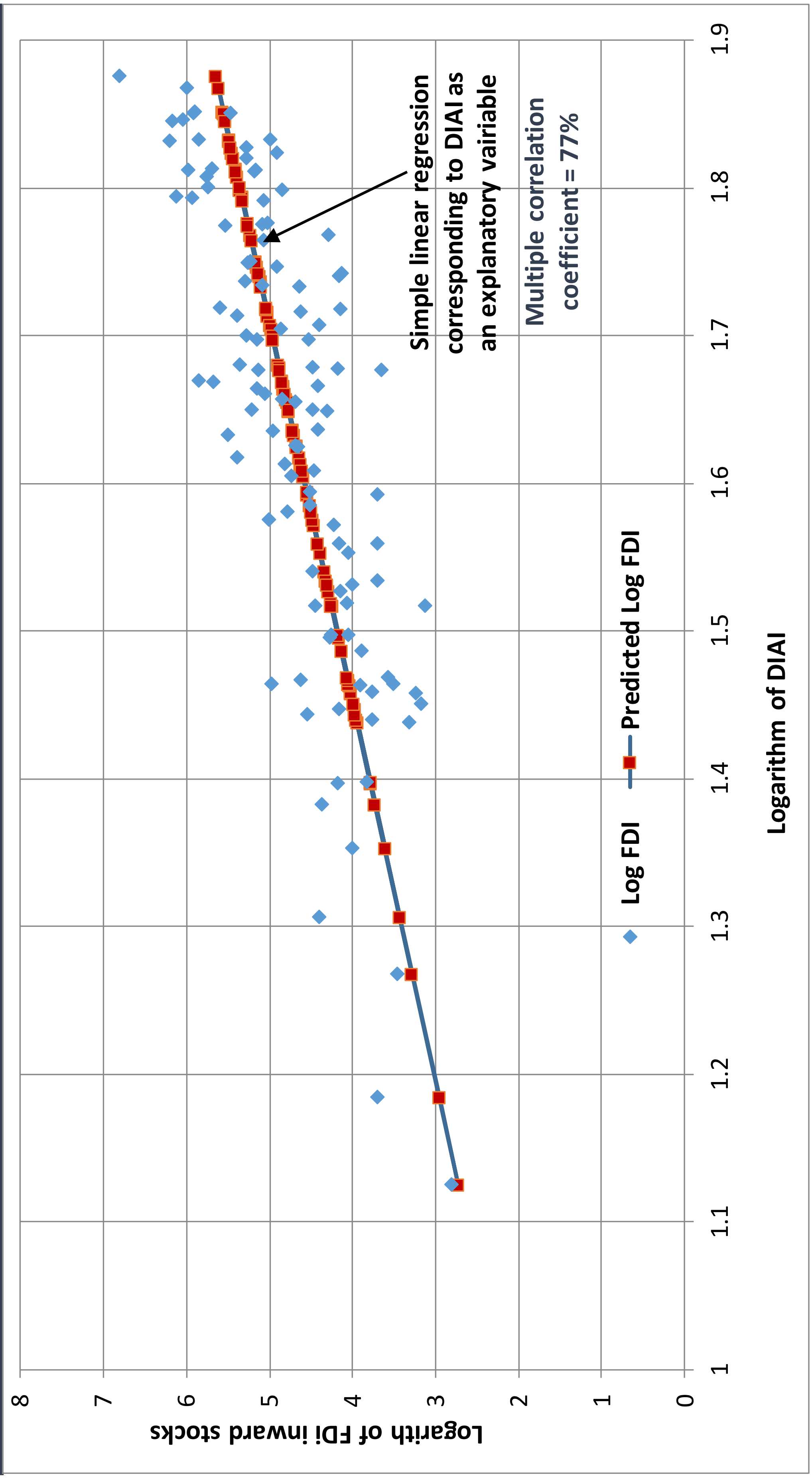
2- Cost elements indicator: It witnessed the cancelation of one of its four constituents, which is the export cost based on documented engagements, and the adoption of a new component, the cross-border trade performance indicator (one of the sub-indicators of the business environment index issued by the World Bank), which relies on measuring the proximity to the maximum performance.

3- Logistics performance indicator: One of its seven constituents, which is the presence of infrastructure, has been cancelled because of the close link between that variable and the others within the indicator, which are: 1- efficiency of custom clearance services, 2- trade and transport infrastructure performance, 3- air shipping performance, 4- logistics quality, 5- tracking and tracing performance, 6- time of completion of transactions.

4- Agglomeration economies indicator: one of its components, which is the number of multinational companies operating in the country, has been replaced by a new component: the number of inward new FDI projects coming from OECD countries. This change has been made for reasons of the availability of timely data for the countries included in the index and for the sake of maintaining the accuracy of the indicator measurement of the observed phenomenon.


Dhaman Investment Attractiveness Index (DIAI)
Prerequisites
Underlying Factors
Positive Externalities
Macroeconomic Stability
Real GDP growth volatility
Inflation Rate
Real effective exchange rate volatility
Number of exchange rate crisis
Current account deficit to GDP ratio
Fiscal balance to GDP ratio
General government gross debt to GDP ratio
Financial Structure and Development
Average Financial Institutions Depth and Financial Markets Depth
Average Financial Institutions Access and Financial Markets Access
Average Financial Institutions Efficiency and Financial Markets Efficiency
Institutional Environment
Voice and Accountability
Government Effectiveness
Political Stability and Absence of Violence
Regulatory Quality
Rule of Law
Control of Corruption
Business Environment
Starting a Business
Dealing with Construction Permits
Registering Property
Getting Electricity
Getting Credit
Protecting Investors
Enforcing Contracts
Market Access and Market Potential
Real per capita domestic demand
Domestic demand volatility
Trade Performance Inde
Trade to GDP ratio
Applied Tariff
Cost of outdoor Trade
Human and Natural Resources
Natural resources revenues' share of GDP
Average growth in labor productivity
Average years of schooling of adults
Expected Years of Schooling of children
Human Development Index
Cost Components
Labor tax and contributions (% of commercial profits))
Total tax rate (% of commercial profits)
Time to prepare and pay taxes (hours)
Score of Trading Across Borders, Average Distance to Frontier (DTF) all components
Logistics Performance
Customs efficiency and border clearance performance
Trade and transport infrastructure performance
Air shipping performance
Logistics quality and competence
Tracking and tracing performance
Timeliness
Telecommunication and ICT
Broadband Internet subscribers
Telephone lines (per 100 people)
Internet users (per 100 people)
Mobile cellular subscriptions (per 100 people)
Agglomeration Economies
Number of FDI Greenfield Projects from OECD Countries
Inward FDI stock share to World Inward FDI stock
Total Number of BITs accumulated to the considered year
Technological environment and Differentiation
Market Sophistication Index
Business Sophistication Index
Knowledge index
Share in total design applications
E-Government Index

The high degree of correlation between Dhaman's Fdi Attractiveness Index & the effective Fdi inflows stock

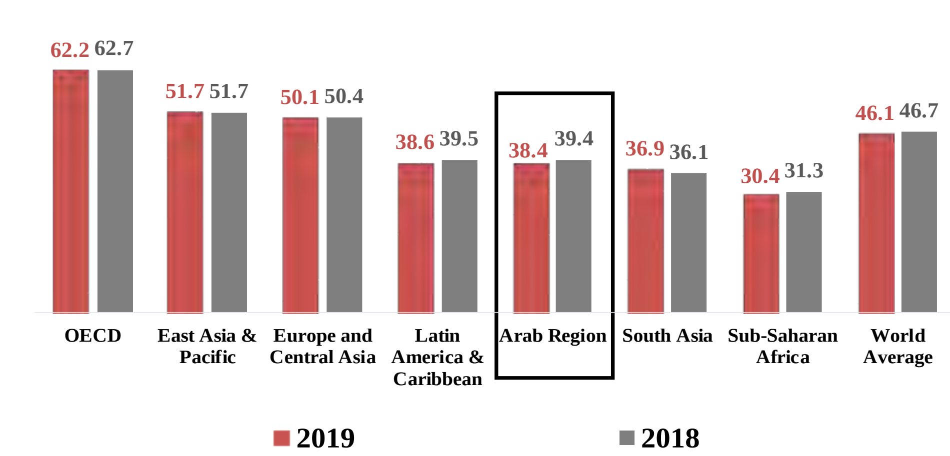


The Overall Arab Attractiveness Status

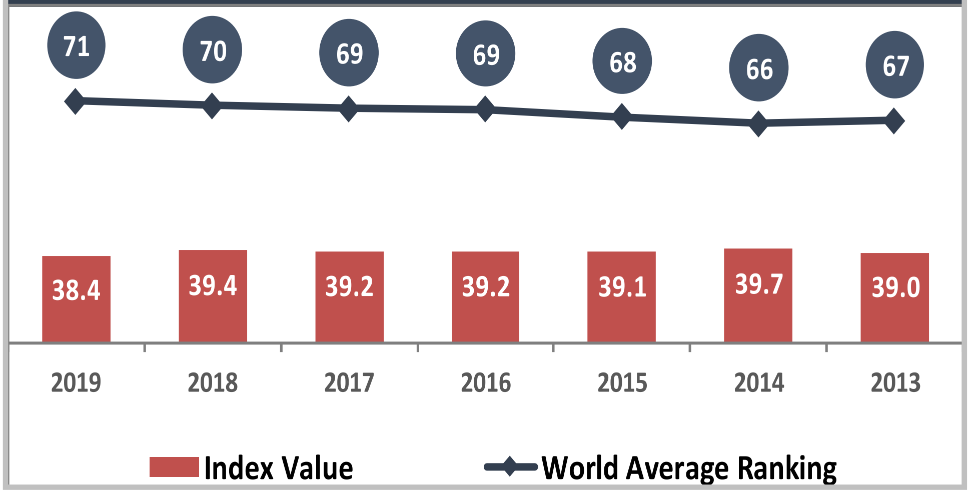
The results of the FDI attractiveness general index for 2019 show that Arab countries fell to the fifth place among 7 geographic groups, with an average index of 38.4 points and average ranking of 71. The OECD countries claimed the first place, followed by East Asia and the Pacific countries in the second place. European and Central Asian countries came in the third place, Latin American and Caribbean countries in the fourth place, followed by South Asian countries in the sixth place and, finally, African countries in the seventh place.

In comparison with 2018 report, the attractiveness of Arab countries to FDI slightly decreased due to the decline in the value of the index in all Arab groups. On the level of Arab groups, the results of the FDI attractiveness index show that the GCC countries (Saudi Arabia, United Arab Emirates, Kuwait, Qatar, the Sultanate of Oman and Bahrain) in general outperformed other Arab sub-regions with a score of 49.7 points out of 100 points in 2019, as they occupied the first position in the Arab world despite the decline in their performance compared to 2018. Levant states (Egypt, Lebanon and Jordan) ranked second with 38.5 points with a decline in their performance compared to 2018. Maghreb states (Libya, Tunisia, Algeria and Morocco) ranked third on the Arab level with 38 points. In the last place came the low performance countries.

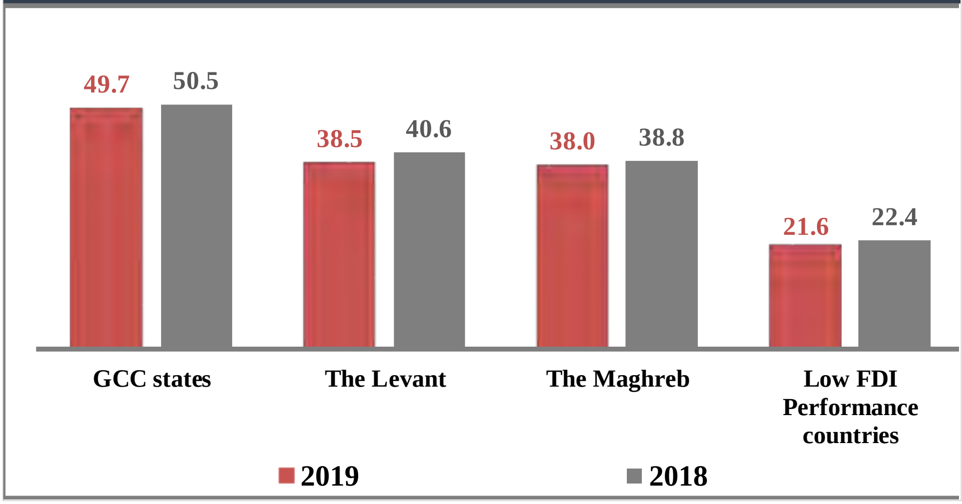
Dhaman’s FDI Attractiveness index valuesof Arab region compared to the world and a number of regions



Evolution of Dhaman's Fdi Attractiveness Index for Arab Region



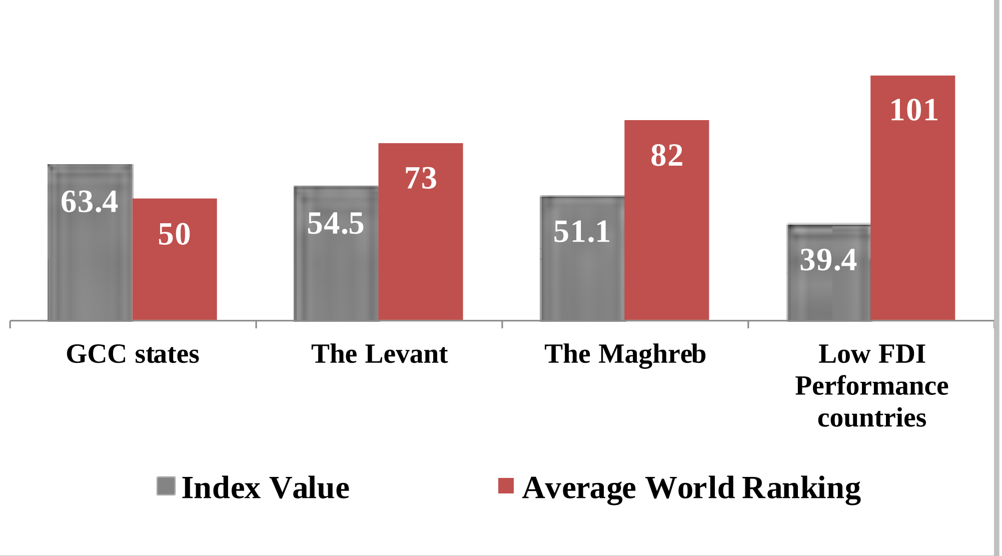
Dhaman’s FDI Attractiveness index values by Arab Region



The Set of Prerequisites

Undoubtedly, the set of prerequisites or the necessary conditions that allow the host country to attract investments are considered indispensable conditions to attract investments. The set of prerequisites includes four out of the eleven sub-indicators that constitute the FDI attractiveness index: macroeconomic performance, financial intermediation & financing capacities, institutional environment and the business environment indicator.

Arab Groups Performance in Prerequisites Component 2019



Arab countries claimed the fifth place globally among 7 geographical groups on the index of set of prerequisites for FDI attractiveness in 2019, with an average of 53.4 points on the index for Arab countries group, and average ranking of countries within the group of 73.

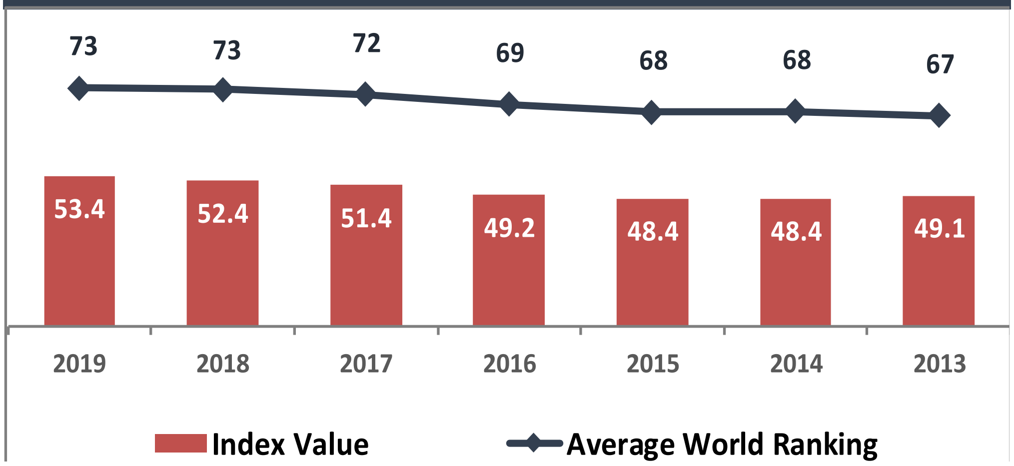
OECD countries claimed the first place, followed by East Asia and the Pacific countries in the second place, European and Central Asian countries in the third place, Latin American and Caribbean countries in the fourth place, South Asian countries in the sixth place, and finally African countries in the seventh place.

In comparison with 2018, the index value in Arab countries increased and the Performance on the set of prerequisites also improved in other geographic groups covered by the index, knowing that the Arab performance is 7.5 points lower than the global performance average on the set of prerequisites.

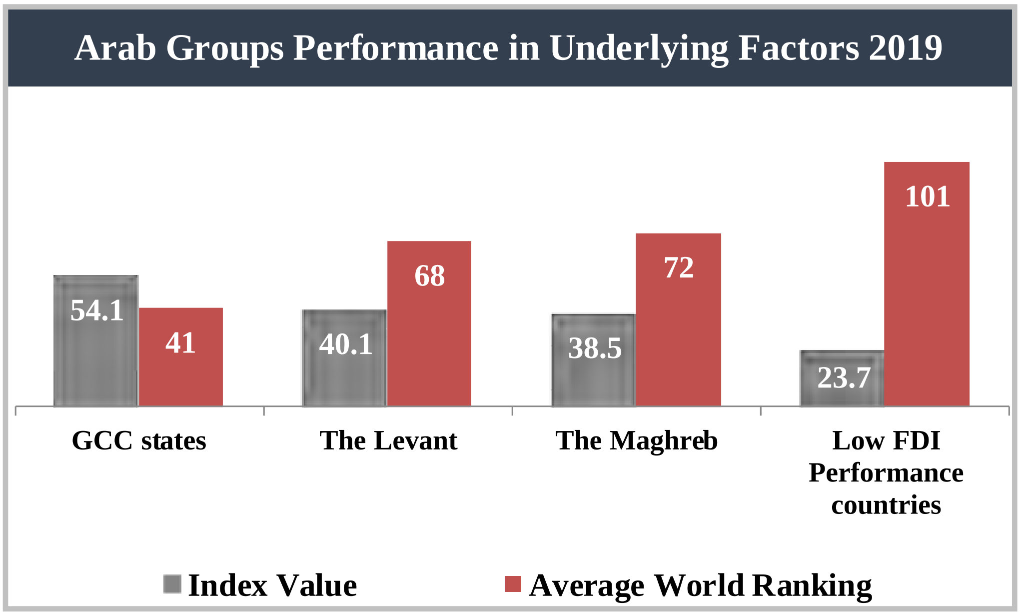
The index data also reveal a relative superiority of GCC countries compared to other Arab countries with 63.4 points, followed by the Maghreb countries in the second place on the Arab level with 54.5 points. The Levant countries came in the third place and in the fourth and last place came the low performance countries.

Both the GCC and the Maghreb countries stood out on the macroeconomic stability indicator. The GCC countries also outperformed by far other Arab groups on the following sub-indicators: the financial intermediation, the financing capacities and the institutional and business performance.

Evolution of Prerequisites for Arab Region



The Set of Underlying Factors



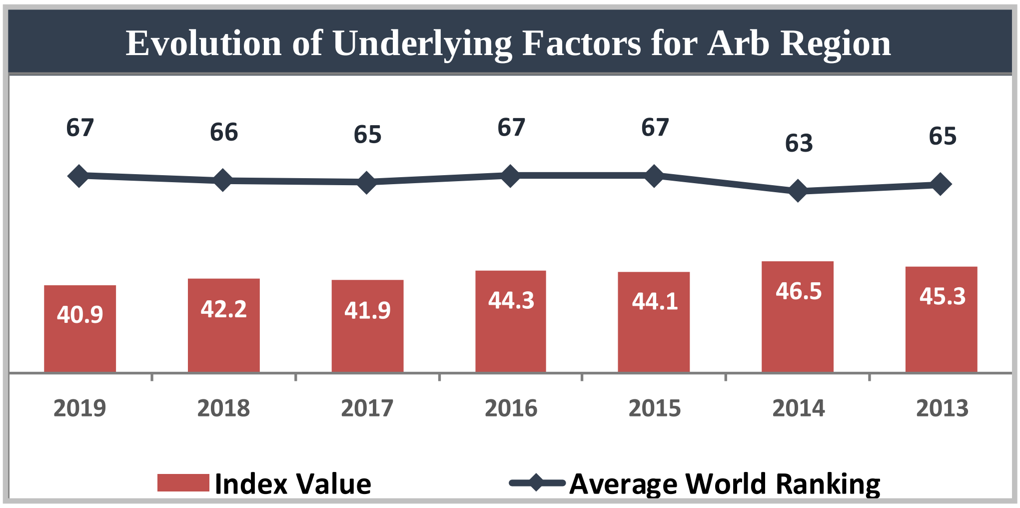
Major investors, particularly multinational corporations, base their decisions to invest or not in a specific country on a number of determinants, which can be called the set of underlying factors especially that these corporations are one of the most important channels of international financing and FDI. Moreover, their presence is an incentive for more enterprises and investments, due to their huge capacities that allow them to control an important share of the world investment movement. The et includes five out of the eleven FDI sub-indicators: market access and market potential, human and natural resources, cost components, logistics performance and telecommunications and IT.

Arab countries claimed the fourth place globally among seven geographical groups on the set of underlying factors index for the year 2019, with an average of 40.9 points on the index for Arab countries group, and average ranking of countries within the group of 67 points. OECD countries came in the first place, followed by European and Central Asian countries in the second place, East Asia and the Pacific countries in the third place, while Latin American and Caribbean countries came after the Arab countries in the fifth place, South Asian countries in the sixth place and African countries in the seventh place.

In comparison with 2018's sub-indicator, the performance of Arab countries as well as that of other geographic groups improved on the set of underlying factors.

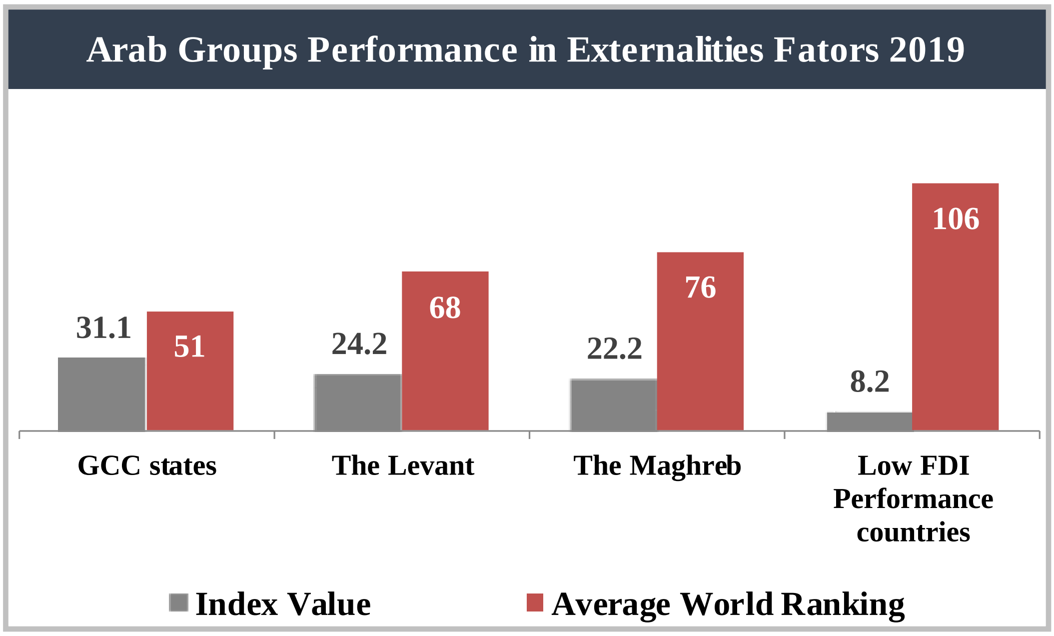
It is also noticeable that GCC states continued to outperform other Arab subregions in general, as results show that GCC states are on top of the list on the Arab level with a score of 54.1 points, an average performance above the global average of 47.2 points. Levant States came in the second position with a big difference, followed by Maghreb states and the low performance states.

GCC countries outperformed the rest of Arab groups and global averages on the components of the set of underlying factors, except for the cost elements component. The performance of Maghreb States has been outstanding as they ranked first on the cost elements indicators, while Levant States ranked second on the indicators of market size, potential and ease of access, , logistics performance, telecommunications and IT sub -indicators. Low performance States came in the last place.



The Set of Positive Externalities

The set of positive externalities refers to the different factors that enhance a country's assets for its integration with the global economy, its possession of technological advancement potential as well as other factors that distinguish it from other states. It includes two out of the eleven sub-indicators: agglomeration economies and excellence & technological advancement.

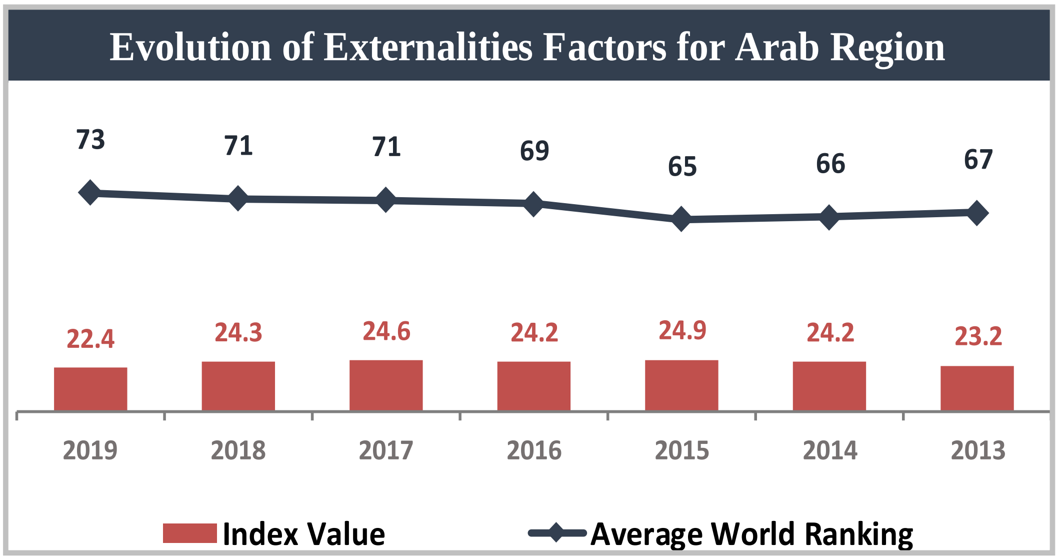


Globally, Arab countries claimed the sisxth place among seven geographic groups with an average of 22.4 points on the set of positive externalities for FDI attractiveness for the year 2019, and with an average ranking of 73 points within the group of countries. OECD countries came in the first place with an average of 45.2 points and average ranking of 22 points, followed by East Asia and the Pacific countries in the second place, European and Central Asian countries in the third place, South Asian countries in the fourth place, while Latin American and Caribbean countries came in the fifth place, and finally Sub-Saharan Africa in the seventh place.

In comparison with 2018, the performance of Arab countries declined as well as the performance of the other world groups except for South Asian countries, whose performed improved.

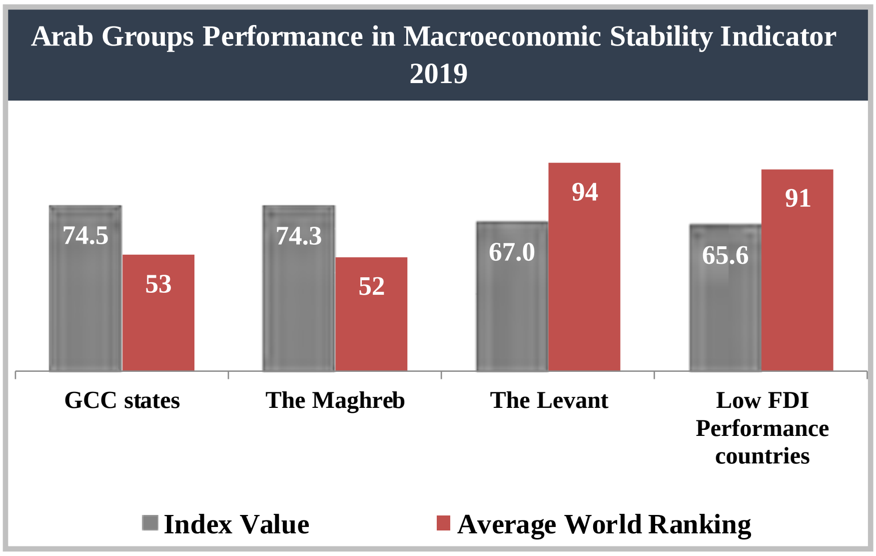
Data shows once again that GCC countries occupied the first place, with a score of 31.1 points, an average performance, in comparison with the global average of 30.7 points, whereas the Levant countries ranked second followed by Maghreb countries, which came in the third place and finally low performance countries came in the fourth place with a big gap between them and other groups.

Data also shows that Levant and Maghreb countries both registered an outstanding performance on the agglomeration economies indicator in comparison with the global average, and GCC countries performed very well on the technological advancement indicator in comparison with the global average.



Arab World’s Position on Eleven Key Indicators

It is possible to measure countries’ attractiveness to foreign direct investment through the main FDI attractiveness index, which is based on 11 sub-indicators, each of them monitors one of the main factors that determine a country’s capacity to attract capital flows, such as: macroeconomic stability, financing capacities index, institutional environment, market access & market potential, human and natural resources, cost components, logistics performance, telecommunication & IT, agglomeration economies and innovation & differentiation.

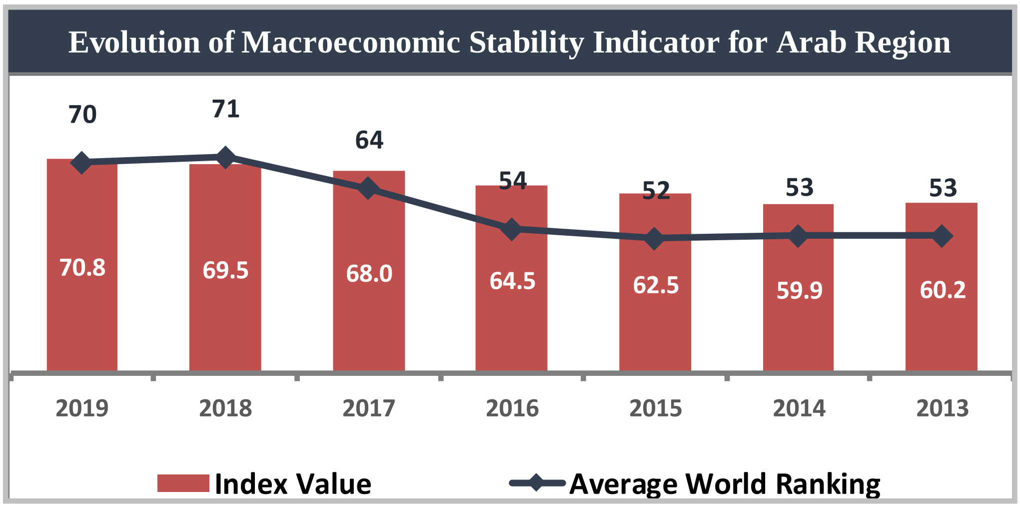


These sub-indicators include approximately 56 variables that monitor in detail the factors that determine a country's capacity to attract investments and accurately determine its position on the attractiveness index. The details are as follows:

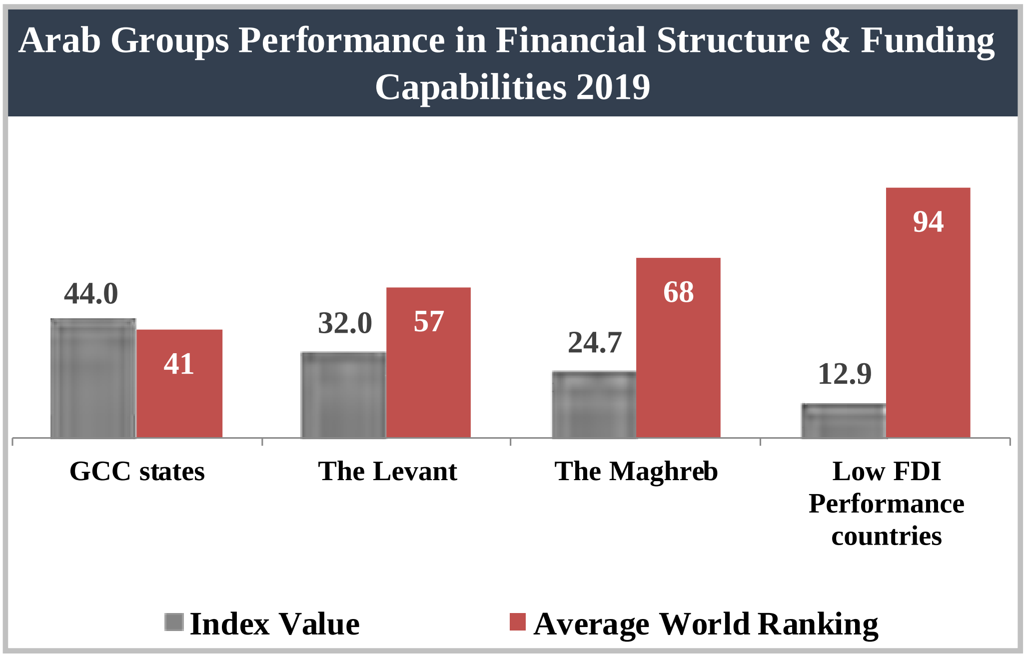
Macroeconomic stability indicator

The macroeconomic stability is one of the important elements for attracting investments. The degree of this stability is measured with 7 main variables: Real GDP growth volatility, inflation rate, real effective exchange rate volatility, number of exchange rate crisis, current account deficit to GDP ratio, fiscal balance to GDP ratio and gross public debt to GDP ratio.According to the results, the following observations can be drawn:

- The Arab performance average of 70.8 points is close to the global average of 73.4 points despite the regression to the seventh and last position.
- GCC countries occupied the first place on the Arab level with an outstanding performance in the Effective real exchange rate and the ratio of current account and government budget deficit or surplus to the GDP.
- Maghreb countries ranked second and their performance was remarkable on the indicators related to inflation the GDP growth rate fluctuation and the ratio of current account deficit or surplus to GDP.
- Levant states ranked third with a poor performance on the sub-variables.
- Low performance countries came in the fourth and last place despite their good performance on the two variables concerning the number of exchange rate crises.
- In comparison with 2018, the performance of all Arab groups on the macroeconomic stability index declined, except for Maghreb states.



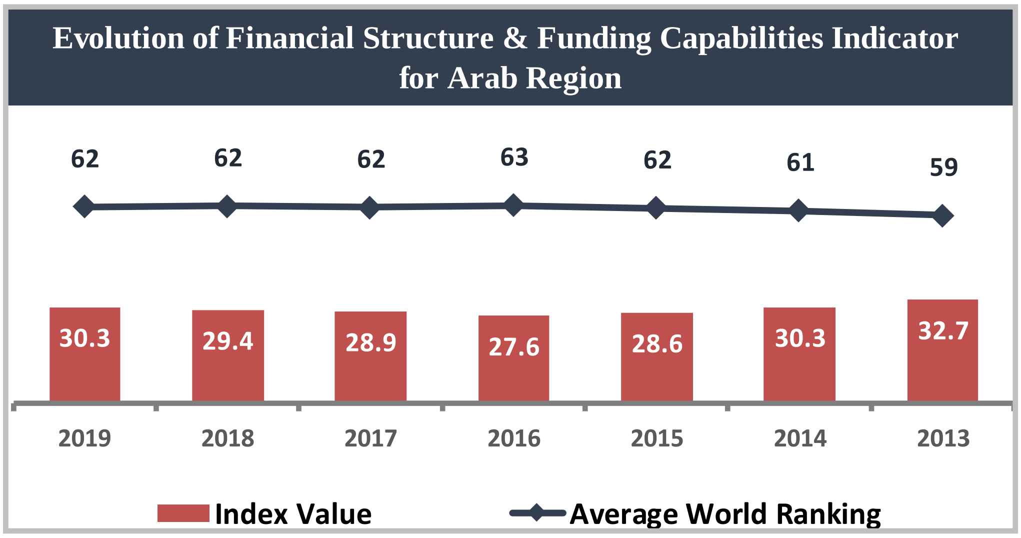
Financial Intermediation and Financing Capacities Indicator



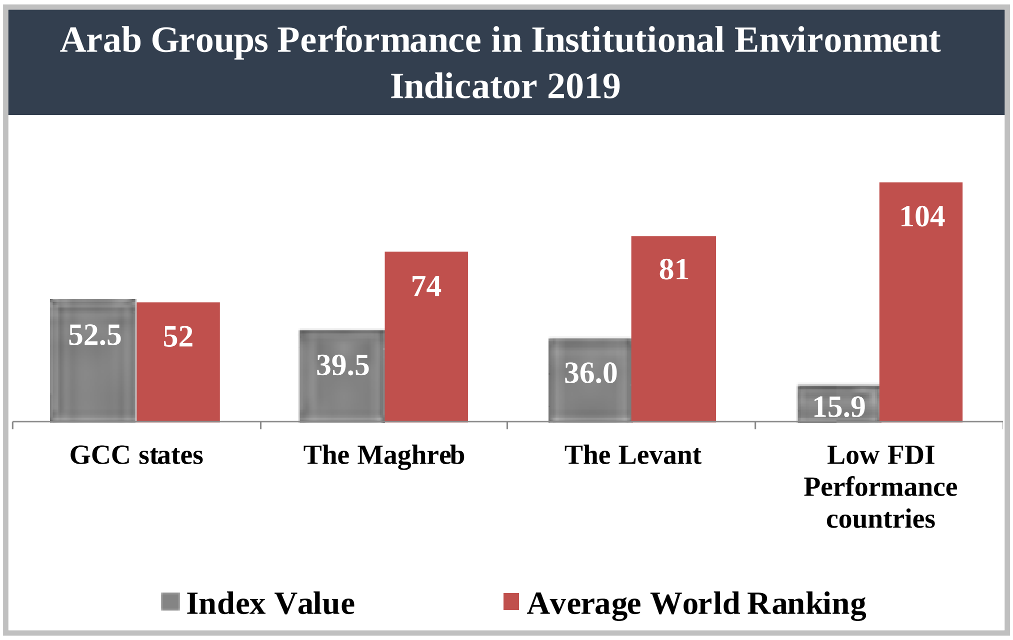
The financial intermediation and financing capacities indicator measures the necessary financial components to attract investments. It surveys 3 main variables that have been introduced this year: Financial depth indicator, financial access indicator and financial efficiency indicator, replacing the previous 3 variables: Ratio of broad money to GDP (M2 to GDP), domestic credit to private sector as a percentage of GDP and the state's share of the total mergers and acquisitions in the world. This change has been made for reasons of the availability of up-to-date data for a larger number of countries and for the sake of improving the performance of the indicator measurement of the observed phenomenon.

In this context a number of results can be drawn to clarify the performance of Arab countries in this domain:

- In the context of the improved global performance on the financial intermediation & financing capacities indicator with an average of 37.4 points, the Arab performance was close at 30.3 points and ranked third worldwide.
- GCC countries claimed the first place on the Arab level on the present indicator with 44 points, higher than the global average, as their performance was outstanding for the financial depth, the financial access and the financial efficiency variables with an average higher the global one.
- Levant State came in the second position on the indicator with 32 points and in the same position for the 3 components of the financial intermediation and financing capacities indicator, while Maghreb States ranked third, and last came the low performance countries.
- In comparison with 2018, the performance of all Arab subgroups improved in the 2019 indicator.



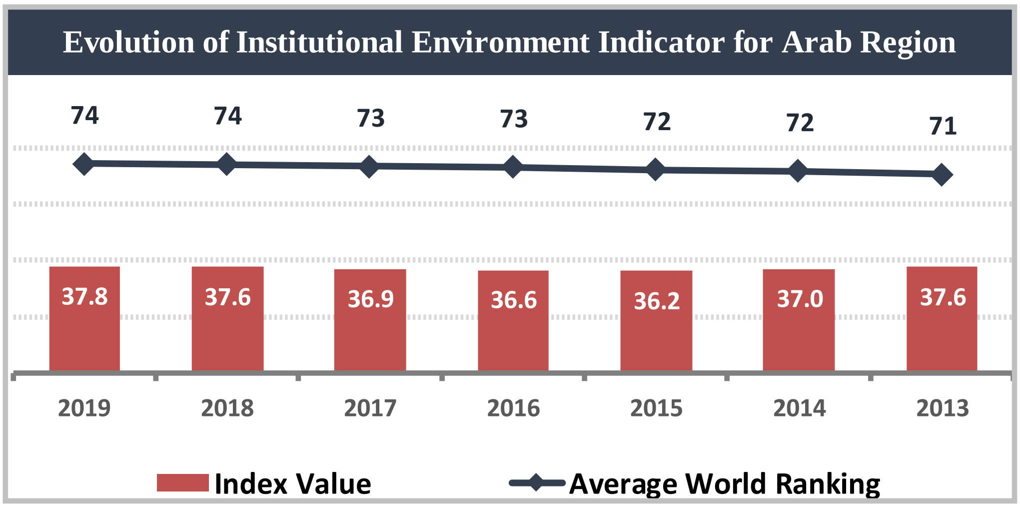
Institutional Environment Indicator



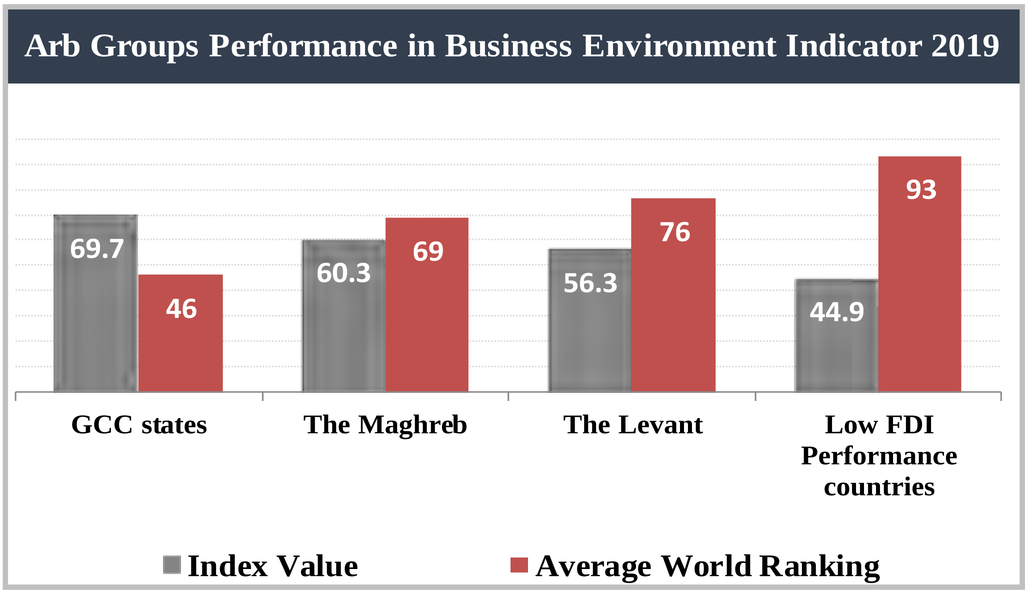
The investment climate is strongly affected by the institutional and organizational situation, especially laws and legislations and their implementation, continuity, stability and consistence with international laws as well as the overall monetary and financial policies. Legal and institutional structural reform inspires confidence to the foreign investor during the assessment of the investment's targeted geographical choices. The eventual risks and costs decrease in the presence of clear laws and targeted investment climate work strategies, which also allows to minimize the doubts that the foreign investor might face concerning regulatory or legal obstacles that might affect the continuity and course of the investment process. In this context, the institutional climate in the host country is one of the main factors that influence the state's attractiveness to investment. This is confirmed by previous experiences in the world, and is considered by financial and development institutions as one of the main challenges that the Arab spring countries will face, with regards to stabilizing and restoring foreign investors' trust.

A large set of relevant variables or sub-indicators were monitored, especially those that survey the performance of states. They include some variables such as voice and accountability, political stability and absence of violence, government effectiveness, and regulatory quality, control of corruption and rule of law. The performance of Arab states was very moderate on the institutional environment as they came in the sixth position globally with an average score of 37.8 points in comparison with the global average 53.2 points, with large discrepancies among the surveyed Arab groups in the indicator. On the level of Arab groups, GCC states came in the first place with a score of 52.5 points, a performance close to the world average performance, followed by Maghreb States in the second place with a big gap, Levant states in the third place with a small gap, and low FDI performance countries occupied the fourth and last place. Remarkably, GCC states achieved a good performance on the majority of the indicators with an average exceeding the global average on 4 variables, while Maghreb States had an exceptional performance on the involvement and accountability variable.

In comparison with 2018, the performance of all Arab groups improved on the present indicator and the performance of GCC countries declined.



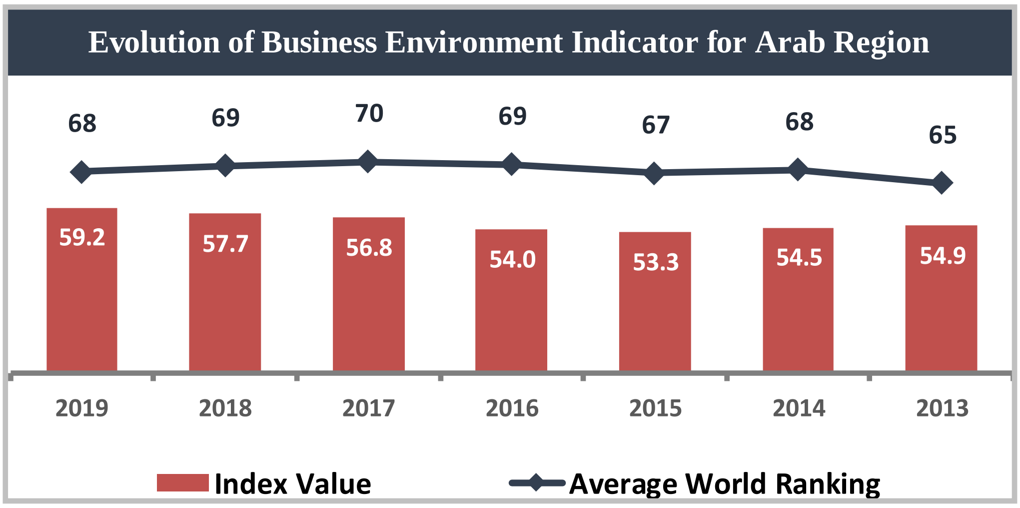
Business Environment Indicator



The business environment is one of the factors that determine a country's attractiveness to foreign investment. It is measured based on seven main chosen variables: starting a business, dealing with construction permits, registering property, access to electricity, access to credit, investors' protection and contracts execution. It is worth mentioning that the business environment indicator that is included in the FDI general indicator is inherently different from the general business environment indicator that is published on a yearly basis by the World Bank, although both indicators use the same data source. Therefore, it is natural that their results are different on the international and Arab level especially with regard to the position and classification of the world and the region's states. In the context of the analysis of the indicator's results, a set of man observations can be drawn:

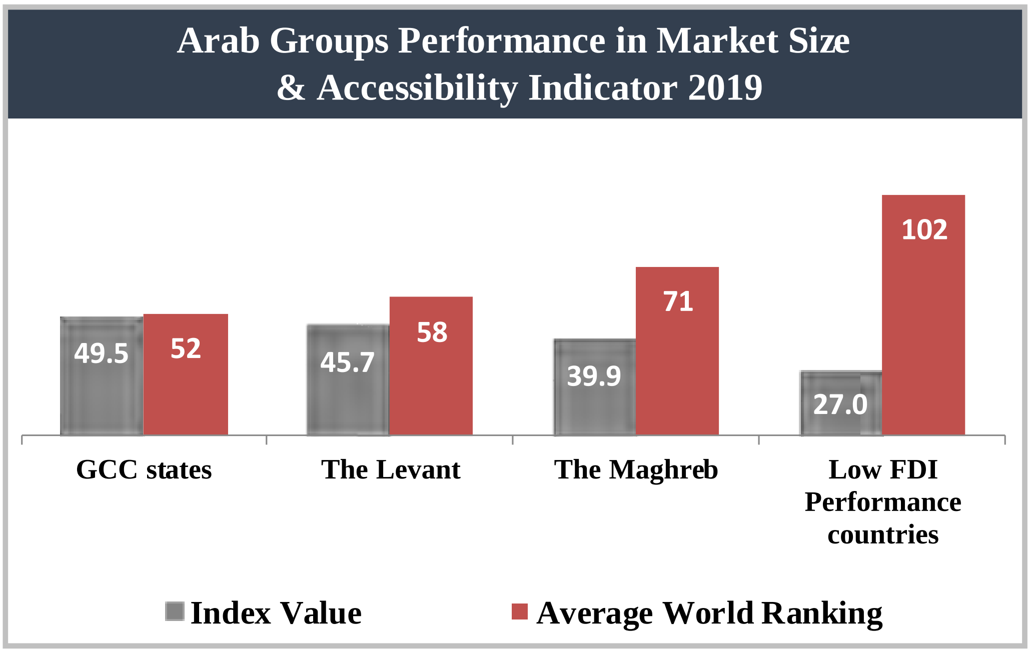
- Arab countries came in the fourth place globally, with a slight gap between them and the group of Latin America and the Caribbean with 59.2 points below the world average of 65 points.
- Arab countries registered a performance better than the global average on the variable of registering property, while their performance was below the global average on the rest of the components.
- GCC countries occupied the first place on the Arab level with a score of 69.7 points, with a performance better than the world average, followed by Maghreb states in the second place, Levant countries in third place and low performance countries in the last place.
- GCC countries registered a remarkable performance in all components, except for the variable of access to credit as it came below the global average.
- The indicator reveals the necessity for most Arab subgroups to undertake reforms in the variables related to registering property, obtaining credit and protecting investors.

- In comparison with 2018, all Arab groups witnessed an improvement in performance on the business environment indicator.



Market Size, Potential and Ease of Access Indicator

Market size, potential and ease of merchandising goods and services in it are considered the main factors of FDI attractiveness. This indicator was designed in order to survey these factors through 6 decisive variables: real per capita domestic demand, domestic demand volatility, trade performance index, trade to GDP ratio, applied tariff and openness to the outside world.



The survey results show the following:

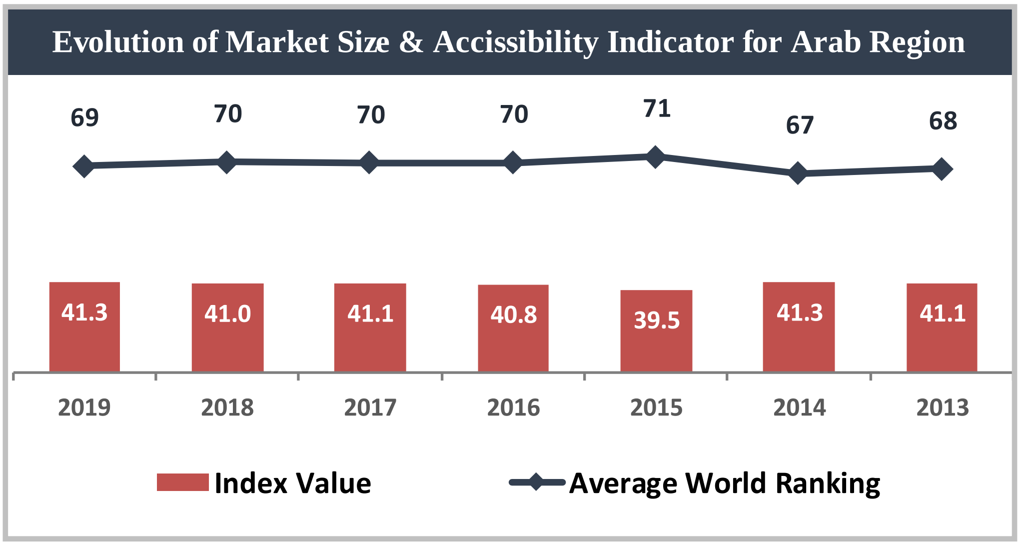
- Arab states ranked lower than the global average on the market access, size and potential indicator and its six components, therefore they ranked fourth worldwide on the indicator.

- GCC countries topped the list of Arab countries with an average performance and an average almost equal to the world average. Levant states ranked second, followed by Maghreb states in the third place, and finally low FDI performance countries came in the fourth place with a big gap.

- GCC countries' performance stood out on the real per capita domestic demand variable, as well as on the variables related to the trade to GDP ratio, the application of customs tariffs and with averages higher than the global average. Levant states had an outstanding performance on the variables related to the level of fluctuations in domestic demand and trade performance.

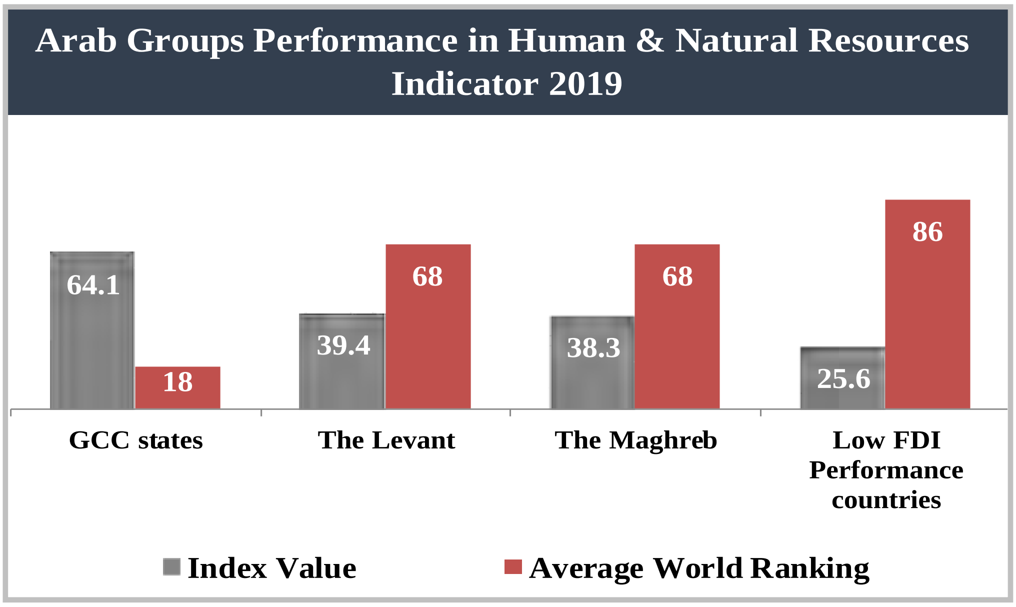
- The indicator reveals the dire need for Maghreb States to undertake reforms on the openness to the outside world indicator and for low FDI performance countries to do the same for the all the indicators especially trade performance and openness to the outside world.

- In comparison with 2018, the performance of GCC, Levant and Maghreb States improved while the performance of low performance states regressed.



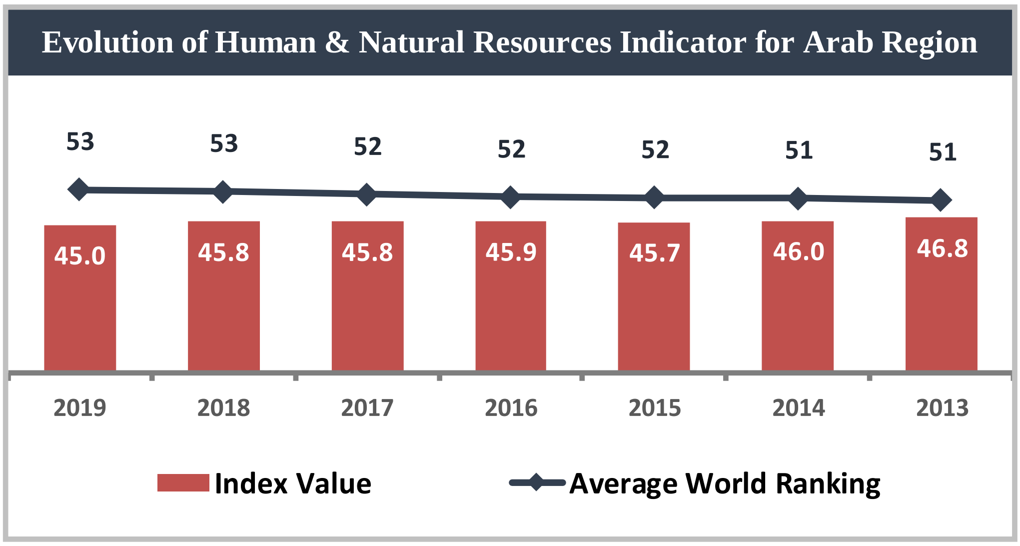
Human & Natural Resources Indicator

Certain investment patterns in the world target various activities including natural resources and give priority to the availability of qualified and trained human resources in the investment targeted country. In this context, a human & natural resources indicator was included and that measures these factors through 5 quantitative and qualitative variables: Natural resources revenues' share of the GDP, average growth in labor productivity, average years of schooling for adults, expected years of schooling for children and Human Development Index.

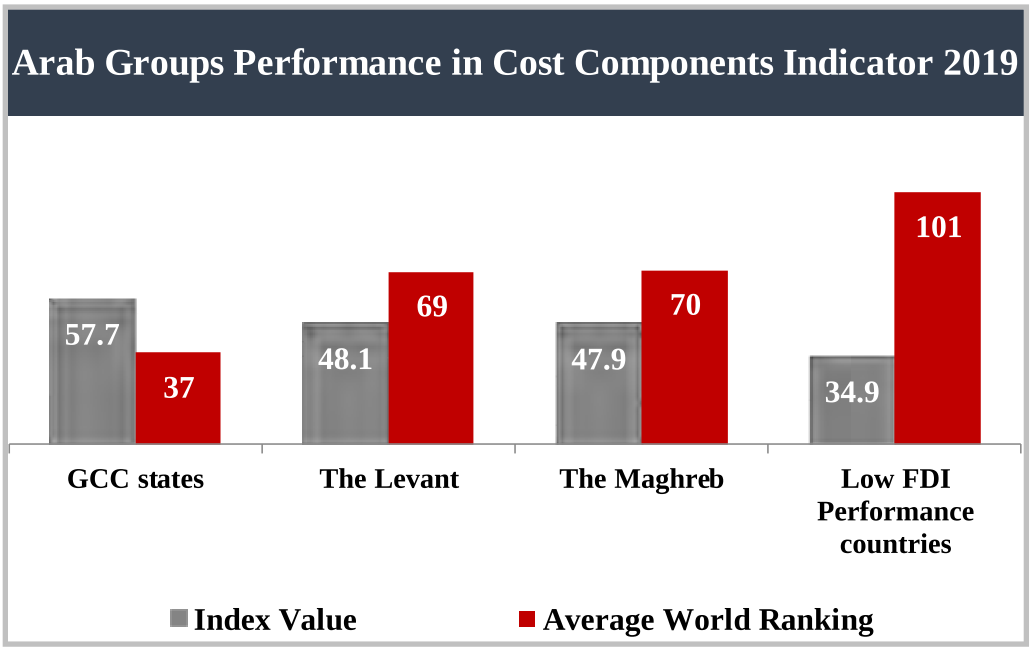


In this context, a number of results can be drawn, regarding the performance of Arab countries:

- The Arab performance on this indicator was very close to the global one, and the region came third globally.
- The Arab performance was better than the global average on the variable of natural resources revenues' share of the GDP, which is more than the double. This is due to the presence of oil and other mineral resources in a number of countries. The Arab performance was also above the world average on the work productivity rate variable.
- Arab performance was close to the global performance on human development indicator, while it was lower than the global level on two variables: the average number of education years for adults and expected number of education years for children
- GCC countries came in the first place on this indicator and all its sub-components with a big gap compared to the global average. Levant states came second and Maghreb countries ranked third with a slight difference while low FDI performance countries came in the fourth place with a very poor performance.
- The indicator reveals the need for Maghreb, Levant and Low performance countries to undertake reforms on the growth in labor productivity index and for low FDI performance countries to do the same for all sub-indicators, except for the share of natural resources revenues from the GDP.
- In comparison with 2018, the performance of all Arab groups decreased on the present index except for Low performance States, which performance improved.



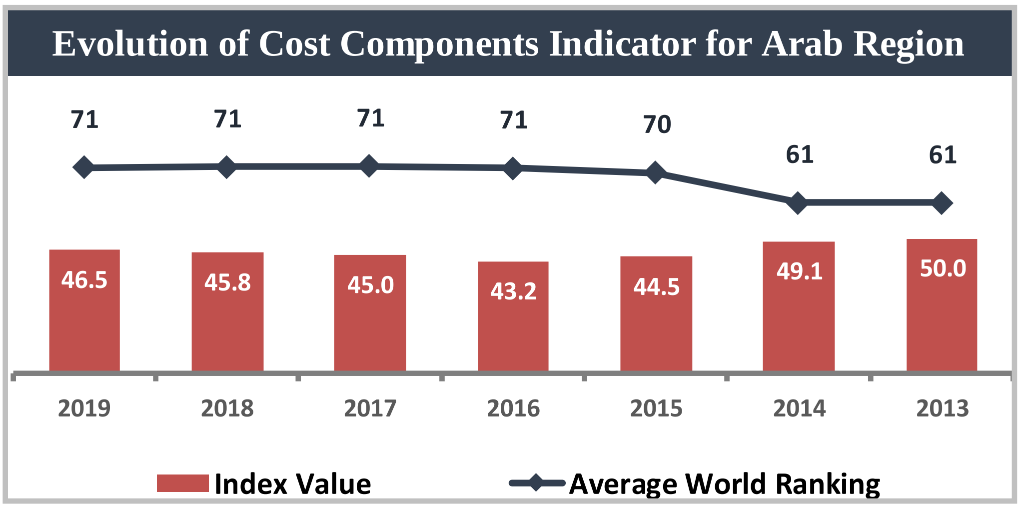
Cost Components Indicator



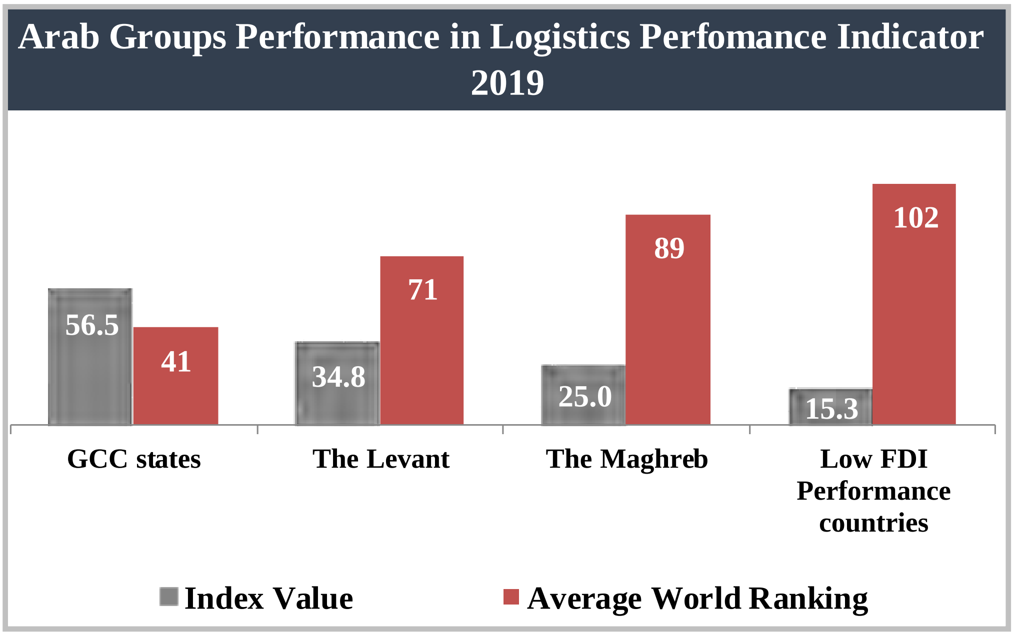
The production cost projects and the cost differences between countries constitute a decisive indicator in attracting FDI, especially that there are large discrepancies in the world on this level. This indicator measures cost components through four variables: Labor tax and contributions as a ratio of commercial profits, total tax rate as a ratio of commercial profits, time to prepare and pay taxes in hours per year, cross-border trade performance indicator (the measure of approaching the upper limit of performance) as a new component rather than the cost of import and export.

The following results can be drawn from the relative situation of Arab countries on this indicator:

- Arab performance on this index was below the global average, with 46.5 points and the Arab region came in the sixth place globally.
- GCC countries occupied the first place and surpassed the global average with 57.7 points. Levant states ranked second and Maghreb states ranked third while low FDI performance countries ranked fourth.
- GCC countries registered an outstanding performance on the tax sub-indicators in comparison with the global average. Levant states registered a performance higher than the global average on the time needed for paying taxes per year variable, and Maghreb states registered a poor performance on the labor tax rate and contributions as a ratio of commercial profit component.
- Low-performance and Maghreb countries need to speed up decision making on reforms related to taxes and export cost.
- In comparison with 2018, the performance of all Arab groups improved.



Logistics Performance Indicator

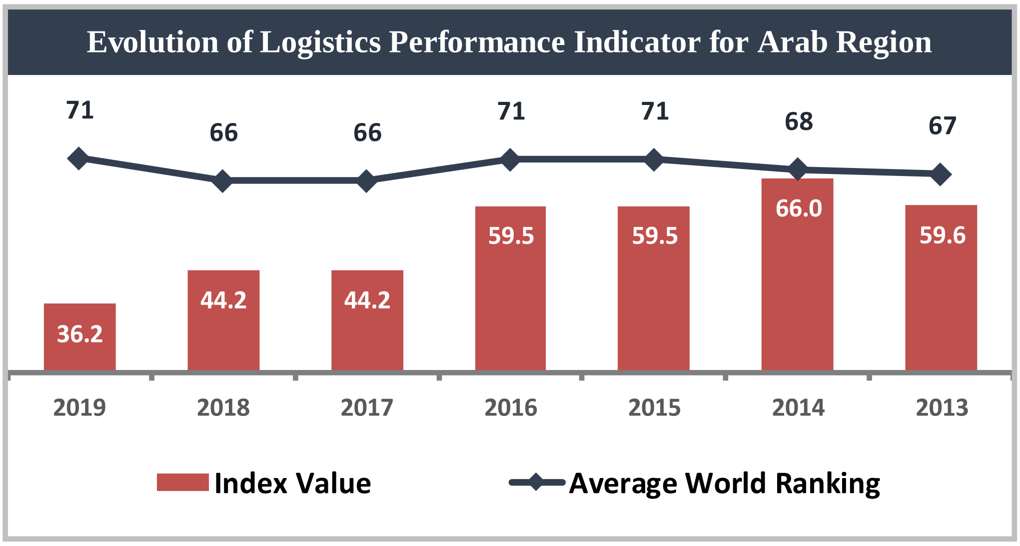


The availability of infrastructure as well as transport utilities and logistics services represent a decisive element in starting all sorts of investment projects and increasing the competitiveness of those projects internally and externally.

In this sense, the logistics performance indicator has been included. It is composed of 6 sub-variables: efficiency of custom clearance services, trade and transport infrastructure performance, air shipping performance, logistics quality, tracking and tracing performance, time of completion of transactions, as one of the seven components of the indicator has been removed, which is infrastructure quality due to the close link between this component and the six other ones within the indicator.

An analysis of the Arab countries' situation on this index allows us to extract the following results:

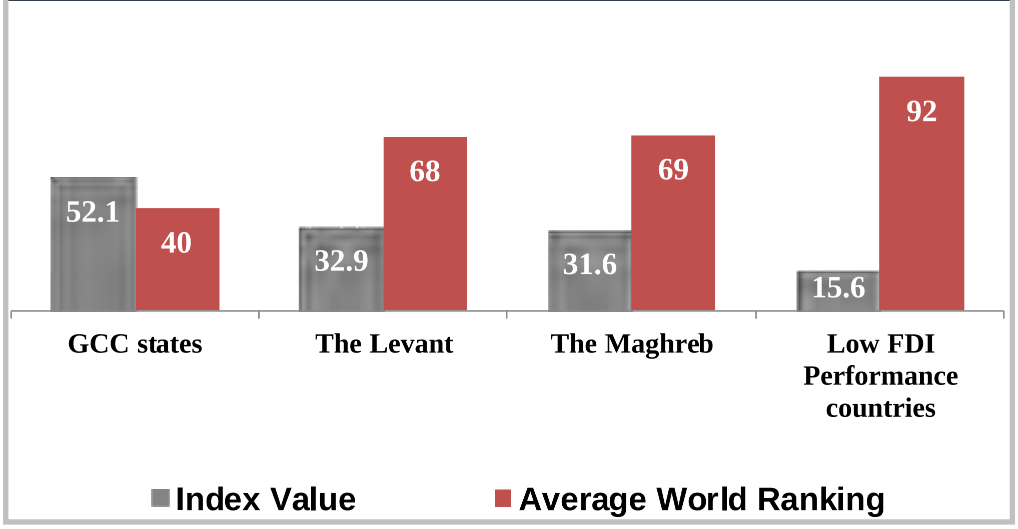
- In general, the average Arab performance on this indicator was lower than the global average of 48.2 points and the region came fourth globally.
- The Arab performance was lower than the global average on all variables, but with uneven differences.
- GCC countries topped the Arab groups and surpassed the global average. Levant countries ranked second with a big gap, followed by Maghreb states then by low FDI performance states in the fourth and last place.
- The GCC countries registered an outstanding performance on all sub-variables in comparison with global averages, and the rest of Arab groups registered contrasting performances, except for the low FDI performance countries that recorded a very poor performance on most of the variables.
- The indicator shows that low FDI performance countries must urgently implement reforms covering all the indicator's variables.
- In comparison with 2018, the performance of all Arab groups declined while the performance of GCC countries improved.



Telecommunications & Information Technology Indicator

With the technological development witnessed by the world, the telecommunications and information technology sector's role has become more important in the growth and development of all service and production sectors in any economy. Therefore it has become one of the main factors influencing FDI attractiveness, which can be measured by monitoring 4 main variables: Telephone lines (per 100 people), internet users (per 100 people), mobile subscriptions (per 100 people) and broadband services subscribers.

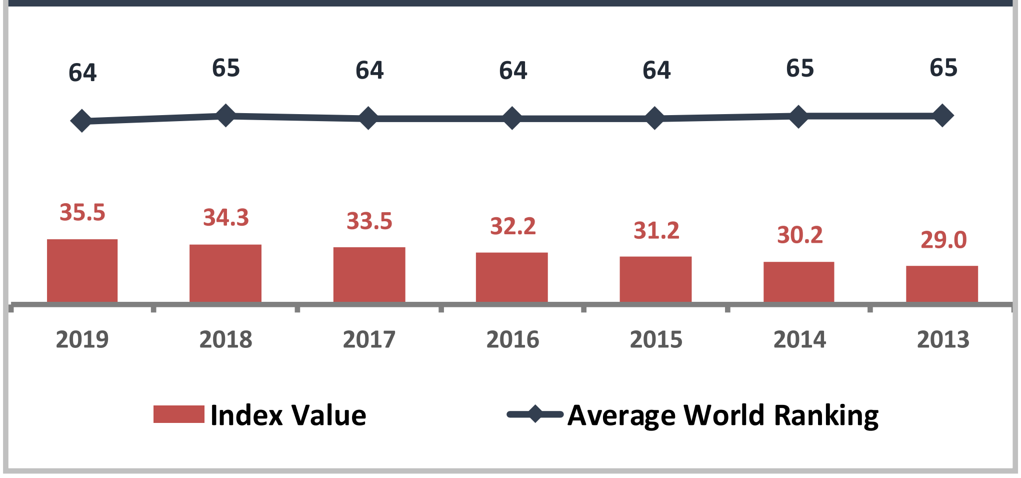
Arab Groups Performance in Information & Communication Technology Indicator 2019



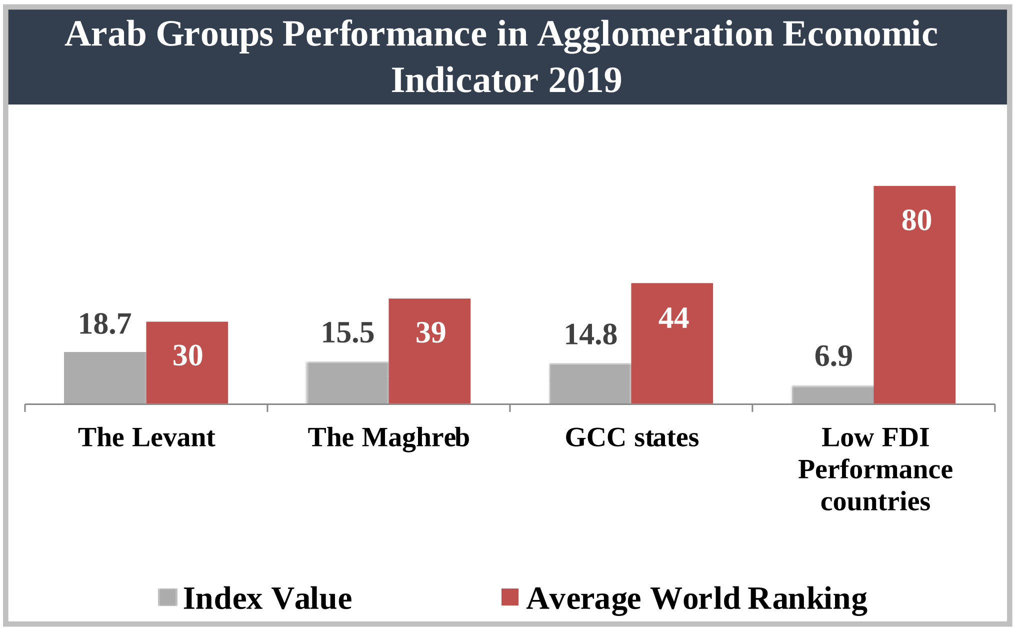
An analysis of the Arab countries' situation on this indicator allows us to draw the following results:

- The average Arab performance recorded 35.5 points and the region came in the fourth place worldwide, below the global average of 41.8 points.
- Arab performance remained higher than the global average on the variables related to internet users and mobile subscriptions.
- GCC countries came in the first place on the Arab level and surpassed the global average. Levant states ranked second with a big gap compared with GCC countries, followed by Maghreb countries and Low FDI performance countries.
- GCC countries registered an outstanding performance higher than the global average for the components related to internet users and mobile phone subscribers, while the performance of Levant countries was better than the global average on the percentage of internet users. Maghreb states also outperformed the global average in terms of mobile subscriptions.
- Data reveals the necessity for all sub-groups to take action regarding landline and broadband subscriptions to improve their status on all variables.
- In comparison with 2018's indicator, the performance of Maghreb States and Low performance States improved while that of GCC and Levant States declined.

Evolution of Information & Communication Technology for Arab Region



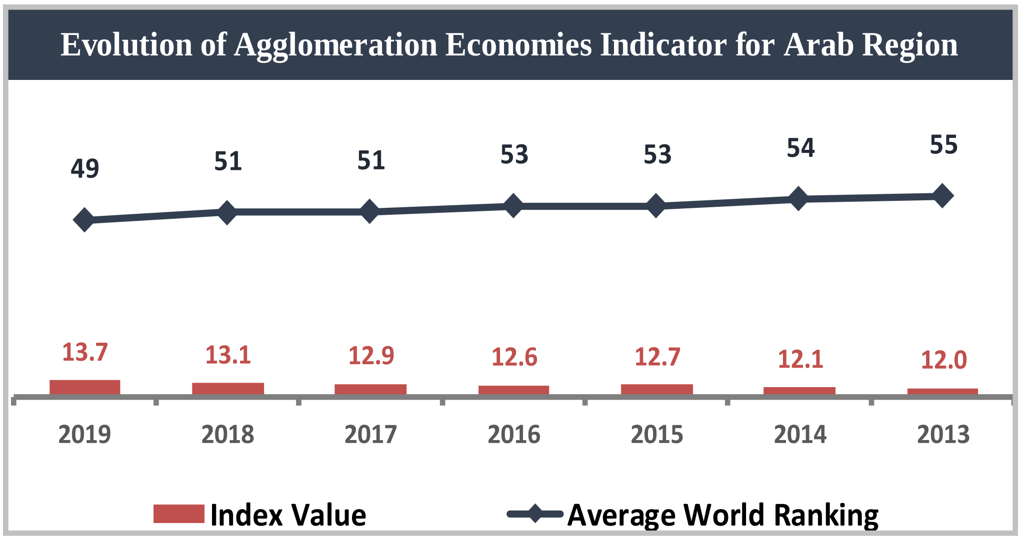
Economies of Agglomeration Indicator



Multinationals contribute the vast majority of investments in the world. The association of countries with them is also an important element in their ability to attract investments. In this context, economies of agglomeration indicator was included, based on 3 main variables: Number of inward FDI projects coming from OECD countries rather than the number of multinationals operating in the country, inward FDI balance percentage of the world inward FDI balance and the total number of investment promotion agreements sealed by the country.

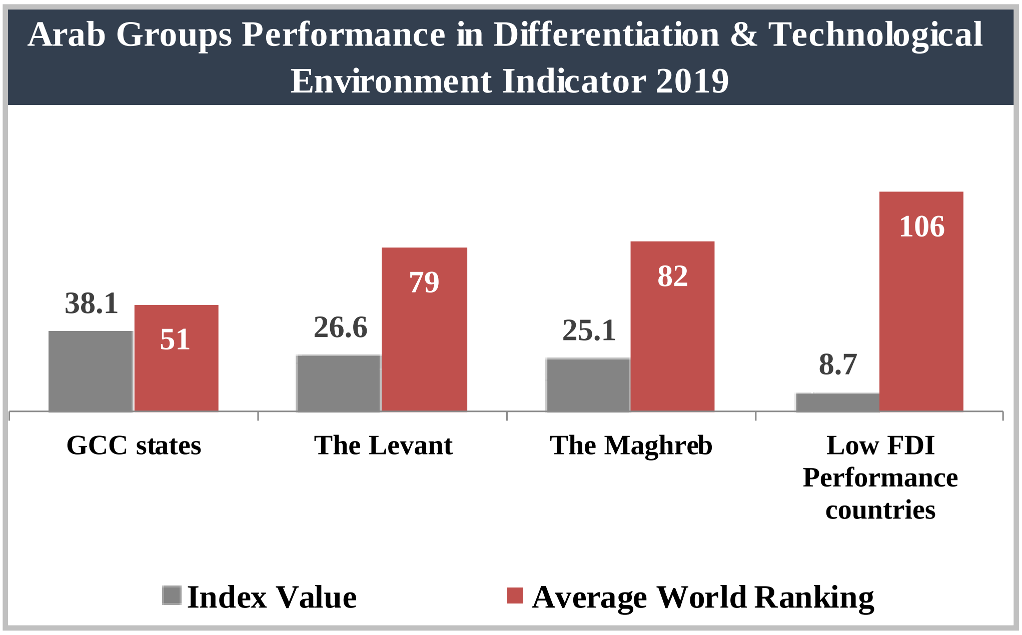
According to the findings based on the performance of Arab countries on this indicator and its three variables, we conclude the following:

- Arab average performance on the indicator and its 3 main variables came close to the global performance of 13.9 points.
- The performance of Arab countries was better than the global average on the cumulative balance of Investment Promotion Agreements sealed by the State and lower than the global average on the other two components.
- Levant states came in the first place on the Arab level and beat the global average, followed by Maghreb and GCC countries respectively, while low performance countries came in the fourth and last position.
- GCC countries came in the first place for the number of new FDI projects and inward FDI balance to the GDP ratio, while Levant countries came in the first place in the component of the balance of investment promotion agreements.
- The data reveals the need for low FDI performance countries to improve their attractiveness to new FDI projects and all other groups as well but to a lesser extent.
- In comparison with 2018, the performance of all geographic groups improved on this indicator.



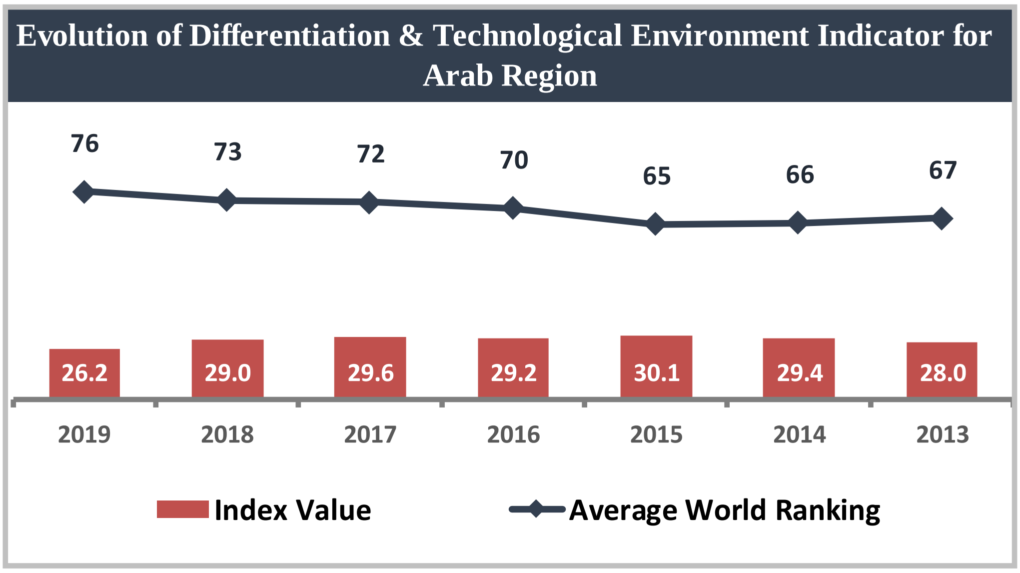
Excellence and Technological Advancement Indicator

Excellence and technological advancement is considered a decisive factor in attracting investments seeking competitiveness in addition to product diversity and excellence as a tool to maximize profit. Therefore, the excellence and technological advancement indicator has been tailored. It includes five main variables: Market sophistication indicator, business sophistication indicator, knowledge indicator, share in total design requests (direct and via the Hague system) and e-Government indicator.



From monitoring the performance of Arab countries on this indicator and its five main variables, we conclude the following:

- The average Arab performance on this indicator scored 26.2 points and was significantly lower than the global performance of 37.9 points.
- The performance of Arab countries was lower than the global average on all variables composing the indicator.
- GCC countries topped Arab countries and slightly surpassed the global average. Levant states came in the second place while Maghreb countries ranked third and low FDI performance countries came in the last place with a very poor performance.
- By observing the main variables composing the indicator, it is noticeable that GCC countries outperformed other countries in terms of market and e-Government development, while the performance of Maghreb countries declined on the business sophistication indicator and that of low FDI performance countries also declined on all the main variables of the present indicator.
- In comparison with 2018, the performance of all Arab groups declined in varying proportions.



Arab Countries Attractiveness Gap

The attractiveness gap reflects the challenge faced by Arab countries in order to improve their competitive position in attracting foreign investments. The gap is calculated as a percentage that measures the difference between the performance of Arab countries in terms of FDI attractiveness level expressed by the average value obtained in the Dhaman FDI attractiveness index of investment with the average value obtained by the OECD countries on the same index due to the performance of the OECD countries.

It is important to compare the performance of Arab countries on the attractiveness index with developed countries represented by the OECD countries so that we can draw an approximate picture of the fundamental differences between the two groups in terms of FDI attractiveness, and infer the strengths and weaknesses on the various sub-indicators of FDI attractiveness and their main variables. In this framework, we can measure those differences using the attractiveness gap that measures the gap or difference in the availability of elements that attract FDIs. The most important elements and components are the ones included in the general attractiveness index. They are divided into 3 main groups: the set of prerequisites, the underlying factors and the set of positive externalities.

Therefore, the attractiveness gap of the Arab region is calculated by subtracting the value of the general attractiveness index of Arab countries, which is 38.4 points for the year 2019 from its value for the OECD countries, which reached 62.2 points for the same year relative to its value for the OECD group according to the following equation: (62.2-38.4) / 62.2, or 38.2%.

This means that Arab countries have lower capacities and potential for attracting investment than OECD countries, by 38.2% according to the general index, which is even lower than last year. The gap between Arab and developed countries can also be measured at the level of the three components of the index as well as the sub-indicators and each component or variable of the sub-indicators.

In this context, it is possible to review the status of the gap in Arab countries at the level of the three groups, the largest of which is the set of positive externalities, which reached 50.4% in 2019. The second one is the underlying factors gap of 37.6% in 2019 and the set of prerequisites gap of 27.9% in 2019, which clearly shows the challenges faced by Arab economies in attracting more capital flows.

Regional Gap on the Overall Attractiveness in Comparison to the OECD (%)

Geographical Group	Prerequisites		Underlying Factors		Positive Externalities		DIAI	
	2018	2019	2018	2019	2018	2019	2018	2019
Africa	34.2	32.8	54.7	55.7	60.6	63.2	50.1	51.1
South Asia	30.1	28.7	47.4	47.0	50.4	46.2	42.5	40.7
Arab Region	**16.0**	**14.5**	**15.5**	**17.5**	**30.2**	**31.1**	**19.5**	**20.0**
GCC states	*32.4*	*31.0*	*35.2*	*38.8*	*39.9*	*46.4*	*35.4*	*38.1*
The Levant	*27.0*	*26.5*	*39.8*	*41.3*	*49.7*	*50.8*	*38.1*	*38.8*
The Maghreb states	*48.3*	*46.8*	*64.1*	*63.9*	*78.3*	*81.9*	*64.2*	*65.2*
Low FDI Performance countries	*28.1*	*27.5*	*39.5*	*40.2*	*44.8*	*47.6*	*37.0*	*37.9*
Latin America & Caribbean	29.2	27.9	35.9	37.6	47.7	50.4	37.2	38.2
Europe and Central Asia	15.9	14.6	19.3	20.6	26.0	25.1	19.7	19.5
East Asia & Pacific	11.7	10.6	23.8	23.3	15.6	15.1	17.6	16.9

It is possible to determine the strengths and weaknesses of each country or geographic group in terms of FDI attractiveness, based on the sub-indicators or components of the general FDI attractiveness index. This is called the attractiveness balance.

In this context, the performance of a given country is termed as strength if its ranking falls on the top third as for the parameter included in the attractiveness sub-index, and weakness if its ranking falls on the bottom third of the values of parameter in question. Based on the results of total scale measured by subtracting the total weaknesses from the total strengths, countries may be ranked according to this scale, which constitutes an information system that may serve as guide to reduce liabilities of weaknesses and turn them into assets or strengths.

Analysis results show that the highest percentage of assets i.e. strengths out of the total possible points, (in other words, the total points of data, which are equal to the number of countries in the geographical group multiplied by the number of the main variables), was achieved by OECD countries in the three main components of the general index, with 60.5%, 65.4% and 68.9% on the sets of prerequisites, underlying factors and external factors respectively. The group of East Asia and the Pacific countries came in the second place in terms of assets, followed by the group of European and Central Asian countries.

Results showed that Arab countries came in the fourth place on the attractiveness balance with asset percentages of 17.9% and 17.8% for the sets of prerequisites and underlying factors. They also came in the fifth position with 12.5% on the set of positive externalities.

The adopted methodology in the report allows us to determine accurately the most important strengths or assets and weaknesses or liabilities that are surveyed based on the analysis of the relative situation of FDI attractiveness of Arab countries.

By observing and assessing all the sub-indices included in the general FDI attractiveness index for 2019 and the previous years, it appears that the majority of Arab countries suffer from weaknesses that reside in the following areas:

Real GDP growth rate: It is witnessing fluctuations on the Arab level due to the great dependence on oil and oil derivative revenues in GDP in the GCC countries, Iraq, Libya, Algeria, as well as other Arab countries associated to them through cooperation in trade, investment, employment, assistance and others, which makes growth in the majority of Arab countries linked to fluctuations in oil prices in global markets.

Inflation rate: The increase in inflation rates in the region’s countries following financial reform procedures is also considered a barrier to attracting foreign investors, especially that it leads to a decline in the purchasing power of money and a loss in the real value of foreign investment, which consequently raises the level of uncertainty for investors about the value of their investments and the returns expected from them in the future.

Performance of Government budget to GDP: The high ratio of budget deficit to GDP is one of the indirect factors impeding investment. It is clearly manifested in many non-oil Arab countries and contributes to the increase of inflation rates, creating an atmosphere of uncertainty towards the economic situation in general, especially when this high ratio coincides with social convulsions, which might exacerbate the budget deficit and its negative impact in the future.

Institutional environment: Arab countries are still lagging behind many other competitors in terms of FDI attractiveness, in addition to big discrepancies among the region's countries, which explains the poor performance and negative situation of the attractiveness balance with regard to the factors related to it. From here stems the urgent need for intensive institutional reforms in different forms and in various domains.

Business performance environment: These factors represent a main challenge in the Arab region, except for a limited number of countries, especially GCC countries. Therefore, the region's countries as a group were not able to achieve a positive attractiveness balance in many axes related to this domain, despite the reforms undertaken in the various variable related to the business environment.

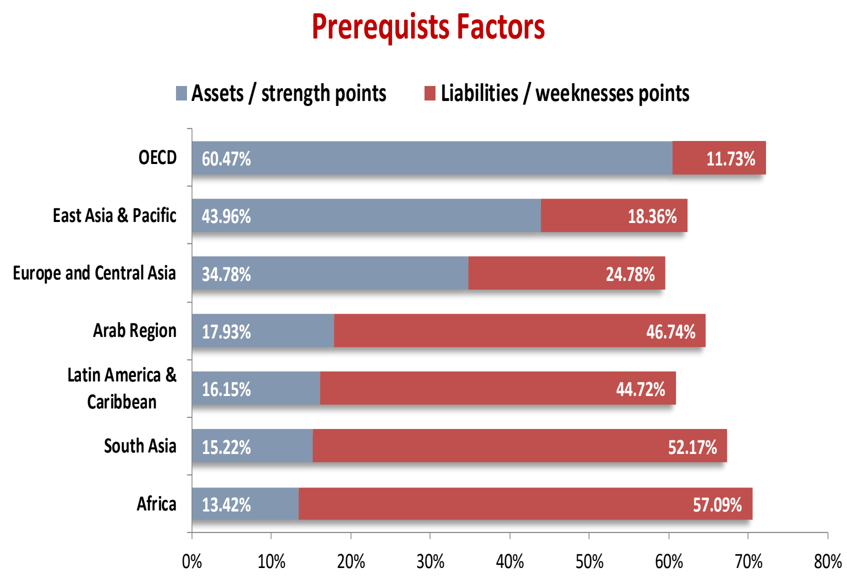
Market size, potential and access: It represents a great challenge to a great number of Arab countries due to the weakness in their market size, purchasing power and openness to the outside world indicator despite the relatively competitive position of Arab countries in general, and GCC countries.

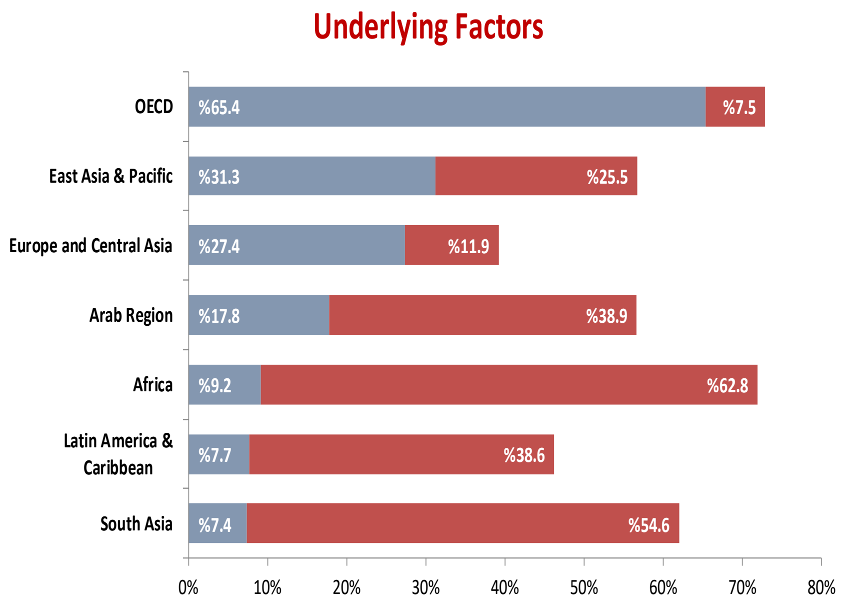
Human resources: Although most of the region's countries don't suffer from quantitative shortages in terms of human resources, the problem lies in the low productivity, level of education and skills of the labor force due to numerous factors, including the lack of improvement in quality of education in all its cycles, especially in the primary one. This situation confirms the negative attractiveness balance with regard to the number of average years of schooling for adults and expected years of schooling for children.

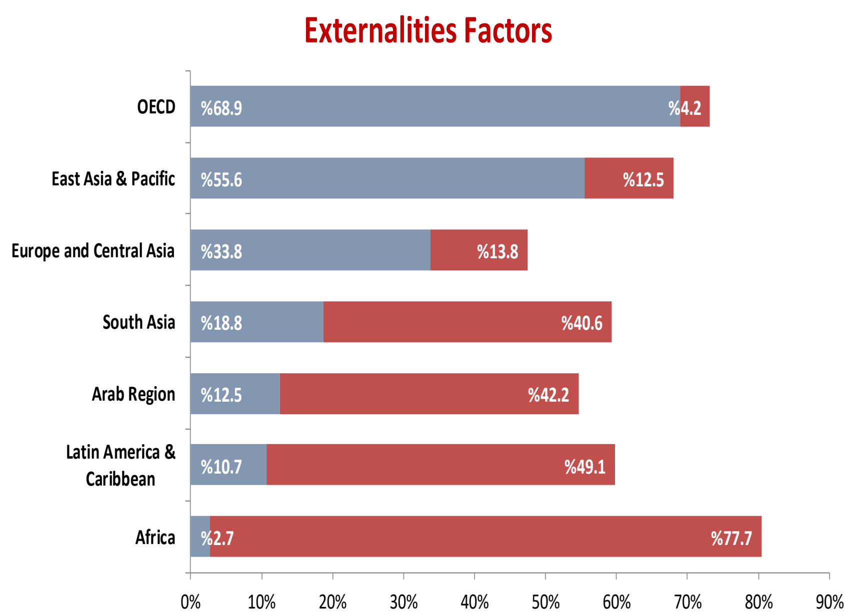
Logistics performance: Many countries suffer from problems in the performance efficiency of customs clearance, trade and transport infrastructure, international shipping, quality services and time needed for the completion of procedures. All of these factors have a negative impact on a country's FDI attractiveness, especially with the strong correlation between trade and investment. This is particularly true for export-oriented investments, or those relying on imported production requirements.

Technological advancement: Low expenditures on human and technological development, and on scientific research in general as well as the lack of research and development plans and programs, which are supposed to be linked to the production and service sectors, have led to the growing gap between Arab countries and emerging and developed countries in this field.

Ratio of Assets & Liabilities to the total potential points Prerequisites 2019







Conclusion

By studying the progress of Arab countries and the four Arab subgroups in Dhaman FDI Attractiveness Index and its sub-indicators, since its launch in 2013 and until its seventh version of 2019, we can draw a number of remarks that reveal the status and progress of each group in each of the sub-indicators over the seven past years, according to the following:

The Group of GCC Countries:

- They maintained their position as the best Arab performance with an average ranking higher than the world average throughout the period from 2013 to 2019, but with a slight general downward trend in their average ranking in the general FDI index as they fell 5 positions, raking the 46th out of 109 countries listed in the index, compared to the 41st position in 2013.
- GCC countries continued to have an outstanding performance in comparison with other Arab groups and the world on 3 sub-indicators in varying degrees, topped by the human and natural resources indicator ranking 18th globally, the ICT indicator ranking 40th globally, the financial intermediation and financing capacities indicator and the logistics performance indicator, ranking 41st globally on each of them.
- In terms of performance progress on the sub-indicators during the period from 2013 to 2019, the developments can be summarized as follows:
- A general trend of improvement in performance on the agglomeration economies (11 positions), telecommunication & IT (5 positions), market size, and ease of access (2 positions), financial intermediation & financing capacities and business environment (1 position).
- A general trend of decline in the performance on the indicator for macroeconomic stability (39 positions), cost components (11 positions), technological excellence and advancement (8 positions), institutional environment (4 positions), logistics performance (3 positions), and human and natural resources (2 positions).

The Group of Levant Countries:

- These countries maintained their position as the second best Arab performance with a ranking below the global average between 2013 and 2019 but with a general downward trend (9 positions) in its ranking in the general FDI attractiveness index to fall in the 72nd position worldwide.
- Levant countries continued to have an outstanding performance compared to the rest of Arab groups and the world in two main indicators, which are agglomeration economies with an average ranking as 30th globally, followed by the financial intermediation and financial capacities, ranking in the 57th position and market size and ease of access, falling in the 58th position worldwide.

  Regarding performance progress on the sub-indicators during the period from 2013 to 2019, the developments can be summarized as follows:
- A general trend of improvement in performance on the agglomeration economies indicator (5 positions), the macroeconomic stability with one position upward, while the telecommunication & IT indicator remained stable.
- A general trend of decline in the performance on the indicators for technological excellence and advancement (21 positions), cost components (18 positions), logistics performance (11 positions), institutional environment (9 positions) and the rest of indicators with an average ranging between 3 and 4 positions..

The group of Maghreb Countries:

- These countries maintained their position as the third best Arab performance, with a ranking below the global average throughout the period from 2013 to 2019 but with a general downward trend (2 positions) in their ranking on the general FDI attractiveness index, falling in the 74th position worldwide.
- The relatively good performance of Maghreb countries compared to other Arab groups continued in uneven proportions on 3 indicators: cost components (37th position globally), agglomeration economies with the 39th position globally, followed by macroeconomic stability with the 52nd position worldwide.

  Regarding performance progress on the sub-indicators during the period from 2013 to 2019, the developments can be summarized as follows:
- \- A general trend of improvement in performance on the market size, potential and ease of access (9 positions), financial intermediation & financing capacities (2 positions), followed by natural and human resources and agglomeration economies (one position).
- \- A general trend of decline in the performance on the indicators for macroeconomic stability (29 positions), cost components (9 positions), technological excellence and advancement (4 positions), institutional environment (2 positions), telecommunication & IT and logistics performance (1 position).

The Group of Low Performance Countries:

- These countries remained in the fourth and last position with a rank way below the global average throughout the period from 2013 and 2019 but with a general downward trend (2 positions) in its ranking on the general FDI attractiveness index, falling in the 105th position worldwide.
- In general, these countries have witnessed a poor performance on all of the 11 sub-indicators.
- The performance on the indicators related to agglomeration economies, human and natural resources and macroeconomic stability was relatively better than the performance on the rest of the indicators.
- All the sub-indicators are witnessing a general trend of decline in the performance except for the macroeconomic stability indicator that is witnessing an improvement with a leap of 10 positions. The agglomeration economies indicator has also witnessed a slight improvement of one position up during that period.

3

The Attractiveness of Arab Countries to Foreign Direct Investment...

Country Profiles

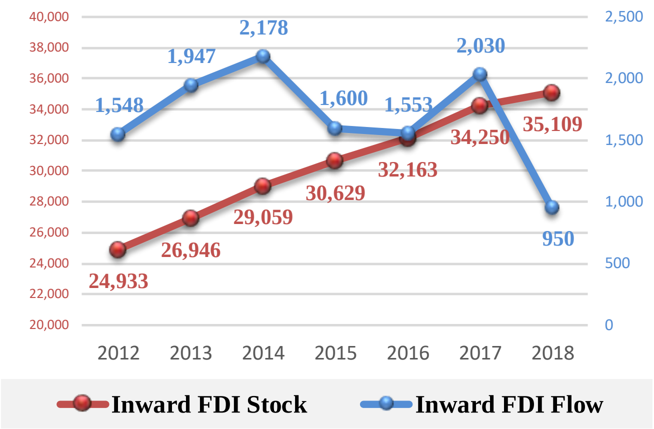
Overall Performance and Position in DIAI 2019

Jordan

Economic Indicator	2019
Nominal GDP (Billions $)	44.3
Real GDP Growth (%)	2.2
GDP per Capita ($)	4,394.9
Inflation (average consumer prices)	2.0
Gov.Total Exp. Net Lending (% of GDP)	30.4
Current Account Balance (Billions $)	-3.6
Current Account Balance (% of GDP)	-8.2
Exports of Goods & Services (Billions $)	16.1
Imports of Goods & Services (Billions $)	23.7
Gross Official Reserves (Billions $)	16.4
Total reserves in months of imports	8.0
Total Gross External Debt (% of GDP)	72.1
Population (Millions $)	10.1
Unemployment (% of total labor force)	--

Source: International Monetary Fund (IMF-April-2019)

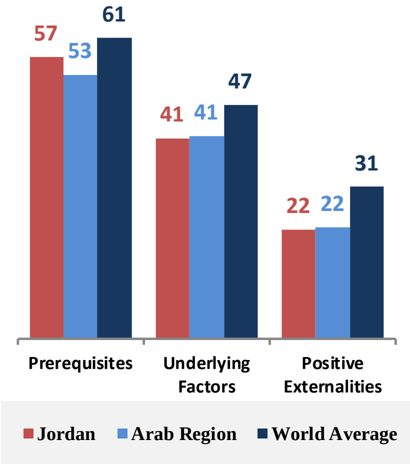
FDI Flow & Stock ($ Milion)



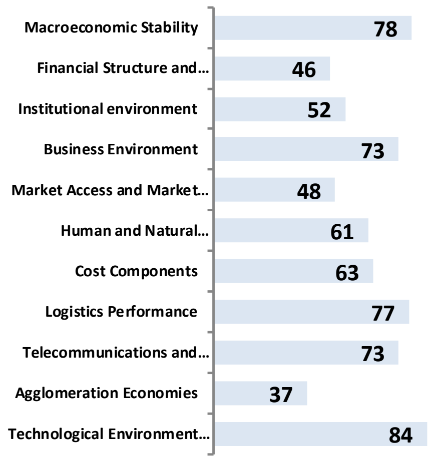
Source: UNCTAD (WIR2019)

Performance in Dhaman Investment Attractiveness Index (DIAI) 2019

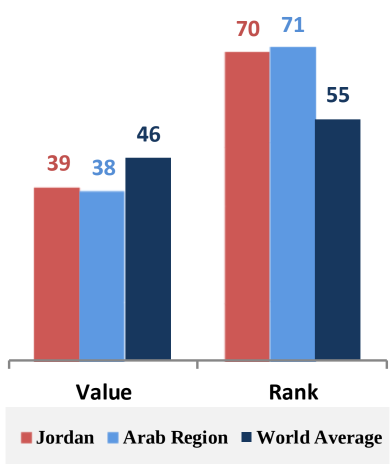
Performance in DIAI's three main Axies



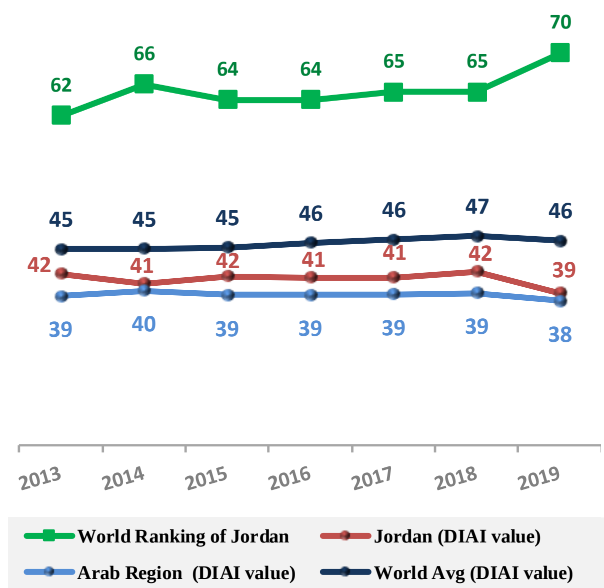
World Ranking in Sub-Indicators



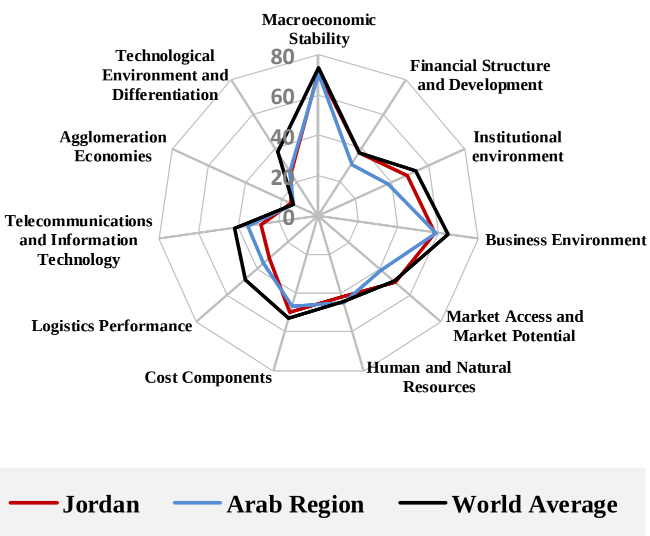
Performance in DIAI



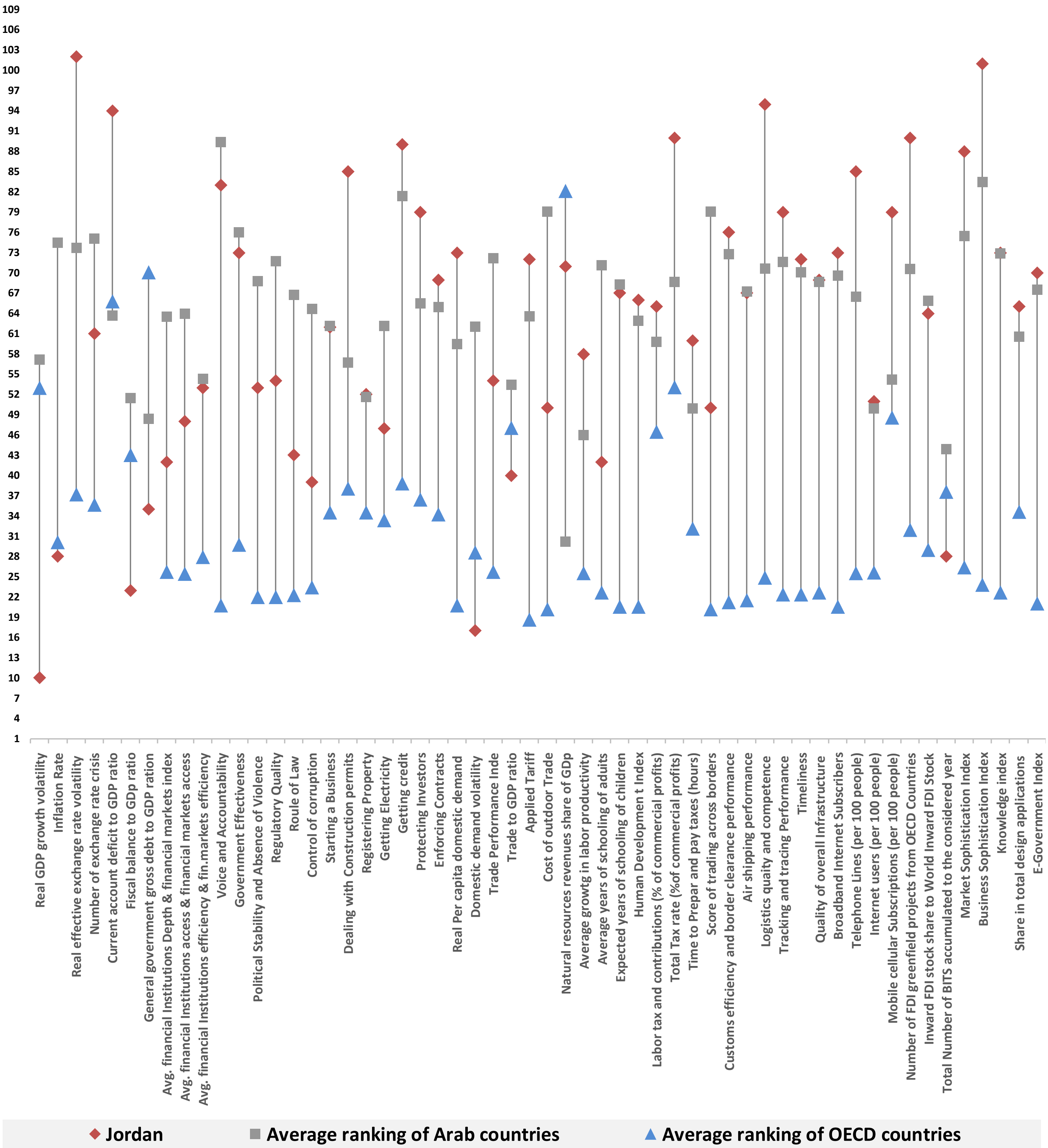
DIAI Evolution



Performance in (DIAI) 2019



The ranking of the country globally compared to the average ranking of the Arab countries and OECD (According to the components of the DIAI 2019)



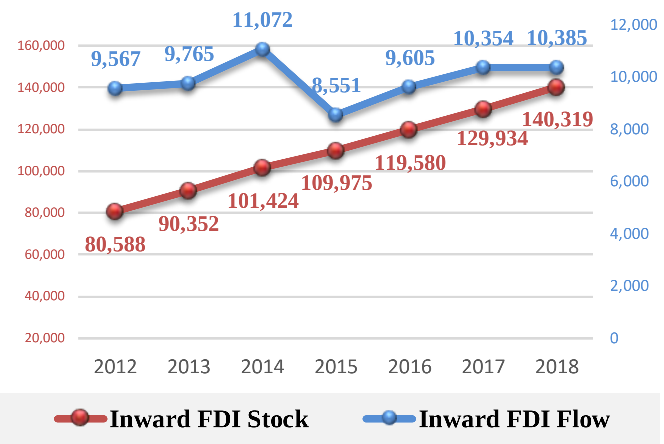
Overall Performance and Position in DIAI 2019

UAE

Economic Indicator	2019
Nominal GDP (Billions $)	427.9
Real GDP Growth (%)	2.8
GDP per Capita ($)	39,806.3
Inflation (average consumer prices)	2.1
Gov.Total Exp. Net Lending (% of GDP)	31.4
Current Account Balance (Billions $)	25.4
Current Account Balance (% of GDP)	5.9
Exports of Goods & Services (Billions $)	379.5
Imports of Goods & Services (Billions $)	312.8
Gross Official Reserves (Billions $)	113.9
Total reserves in months of imports	4.3
Total Gross External Debt (% of GDP)	68.7
Population (Millions $)	10.7
Unemployment (% of total labor force)	--

Source: International Monetary Fund (IMF-April-2019)

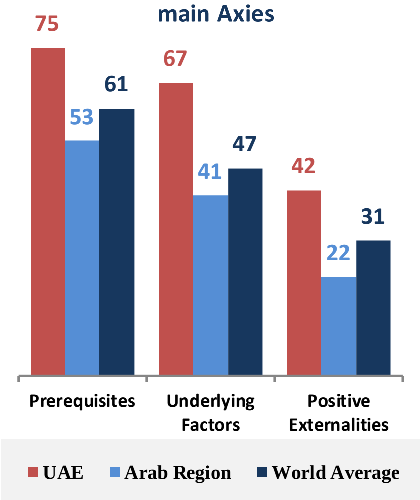
FDI Flow & Stock ($ Milion)



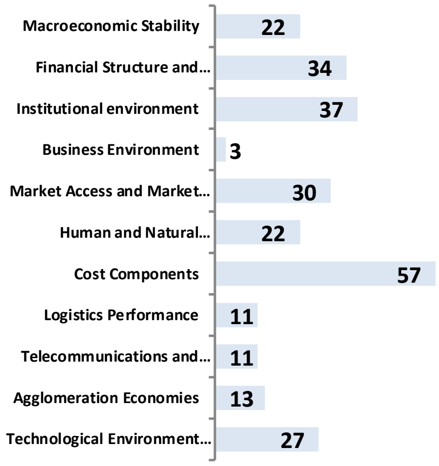
Source: UNCTAD (WIR2019)

Performance in Dhaman Investment Attractiveness Index (DIAI) 2019

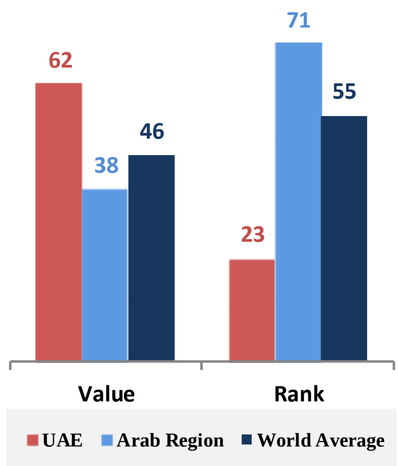
Performance in DIAI's three main Axies



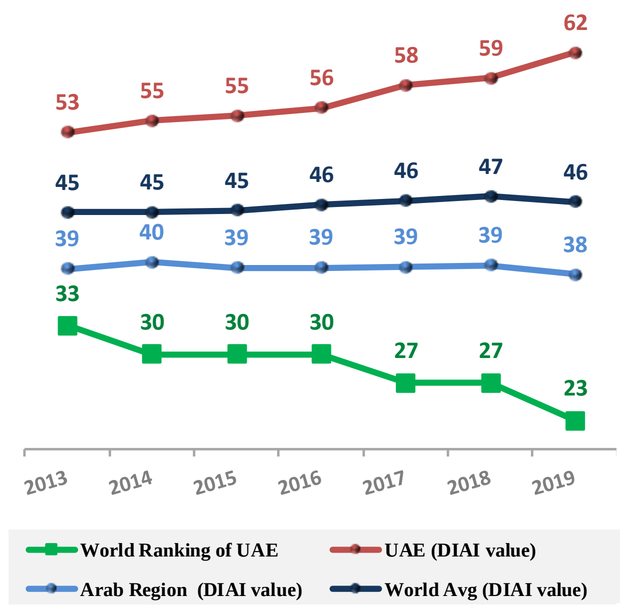
World Ranking in Sub-Indicators



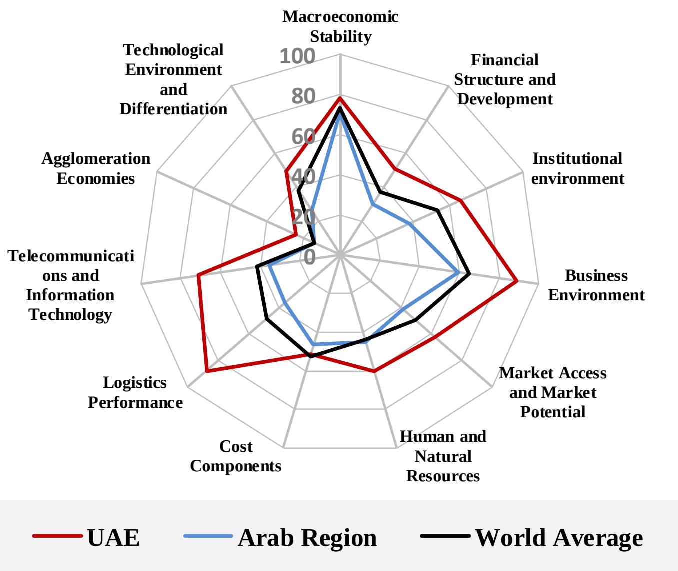
Performance in DIAI



DIAI Evolution

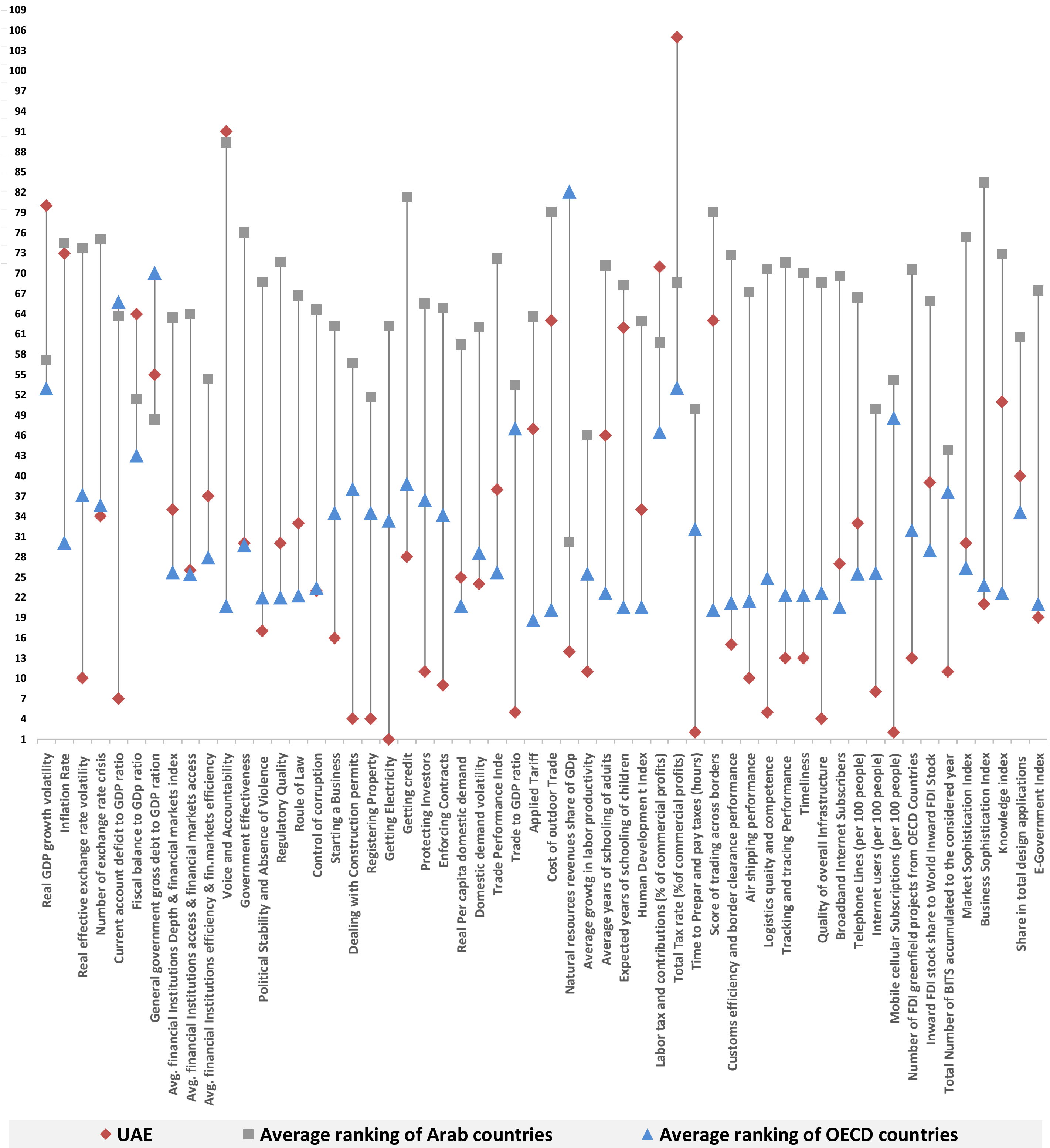


Performance in (DIAI) 2019



UAE

The ranking of the country globally compared to the average ranking of the Arab countries and OECD (According to the components of the DIAI 2019)



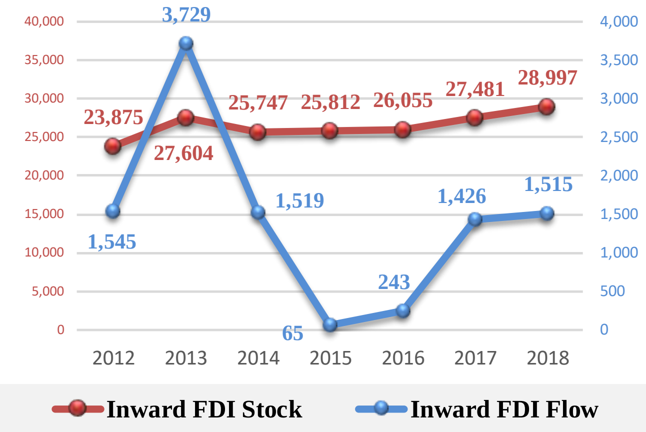
Overall Performance and Position in DIAI 2019

Bahrain

Economic Indicator	2019
Nominal GDP (Billions $)	39.0
Real GDP Growth (%)	1.8
GDP per Capita ($)	25,781.4
Inflation (average consumer prices)	3.3
Gov.Total Exp. Net Lending (% of GDP)	29.7
Current Account Balance (Billions $)	-1.4
Current Account Balance (% of GDP)	-3.6
Exports of Goods & Services (Billions $)	29.8
Imports of Goods & Services (Billions $)	26.2
Gross Official Reserves (Billions $)	2.0
Total reserves in months of imports	0.9
Total Gross External Debt (% of GDP)	189.9
Population (Millions $)	1.5
Unemployment (% of total labor force)	3.9

Source: International Monetary Fund (IMF-April-2019)

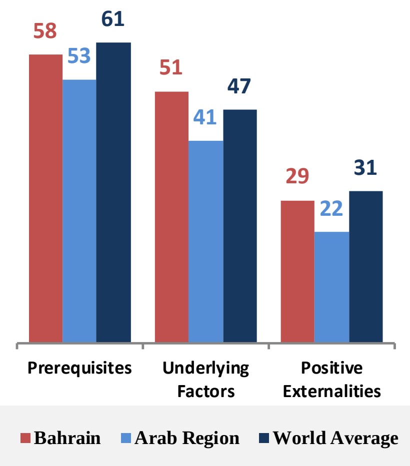
FDI Flow & Stock ($ Milion)



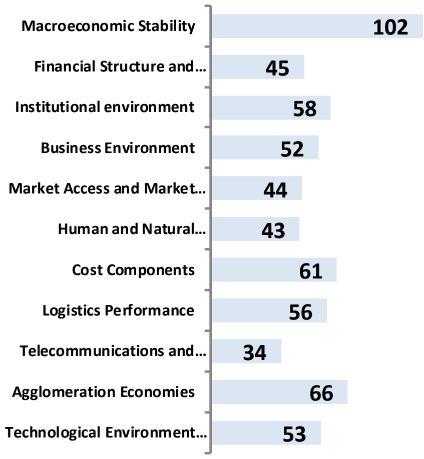
Source: UNCTAD (WIR2019)

Performance in Dhaman Investment Attractiveness Index (DIAI) 2019

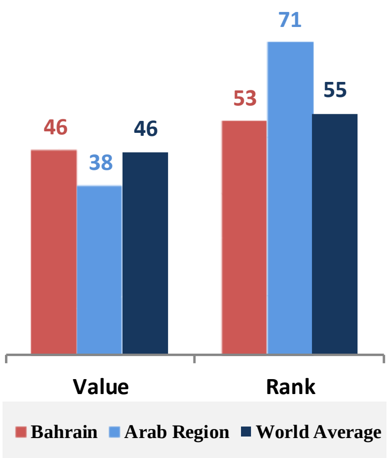
Performance in DIAI's three main Axies



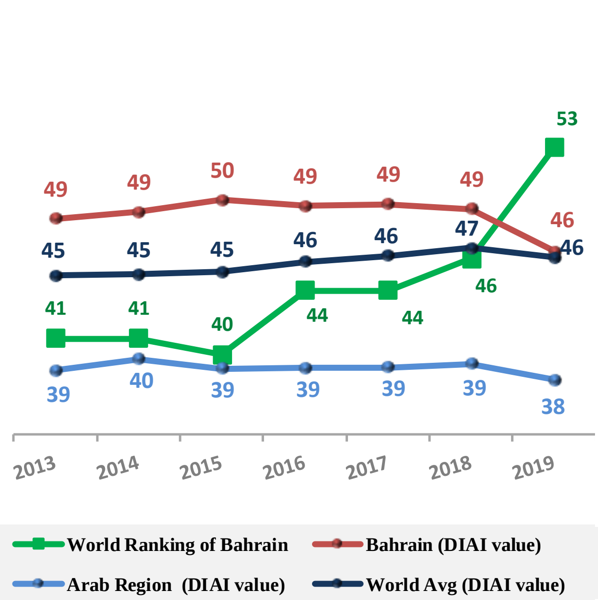
World Ranking in Sub-Indicators



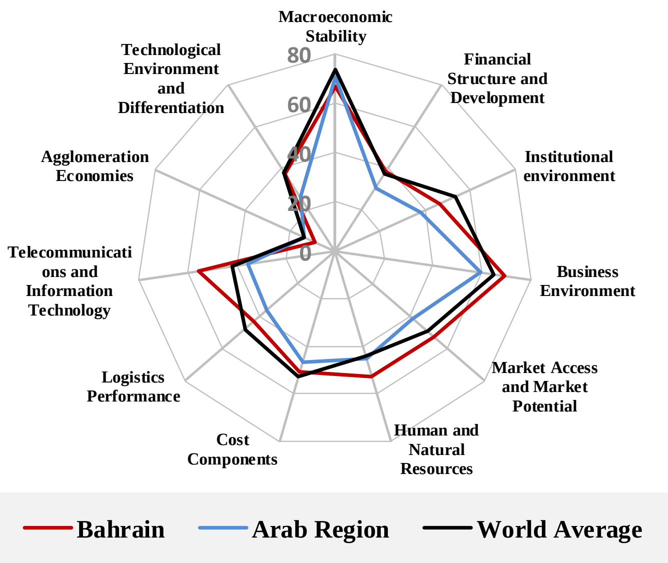
Performance in DIAI



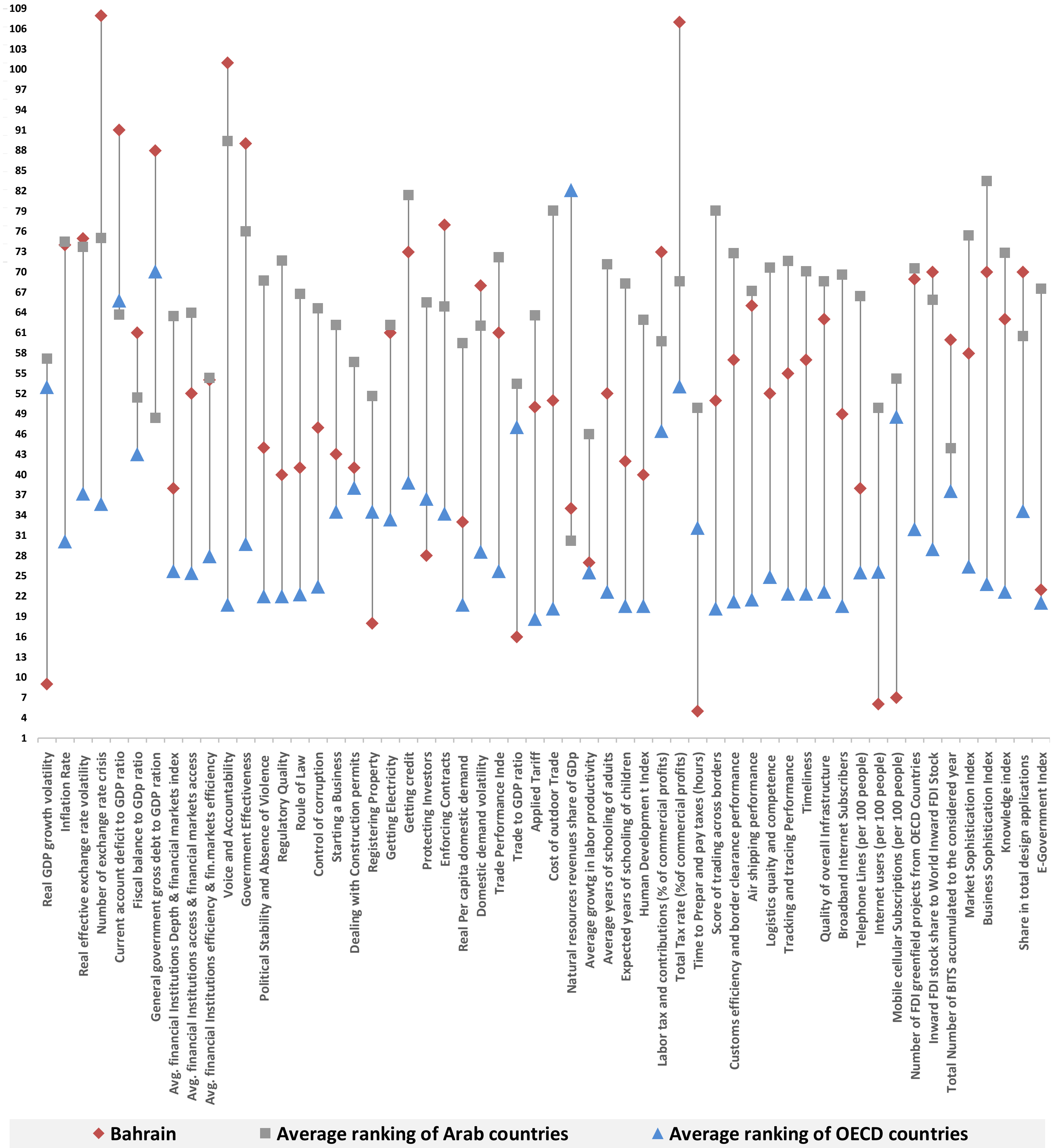
DIAI Evolution



Performance in (DIAI) 2019



The ranking of the country globally compared to the average ranking of the Arab countries and OECD (According to the components of the DIAI 2019)



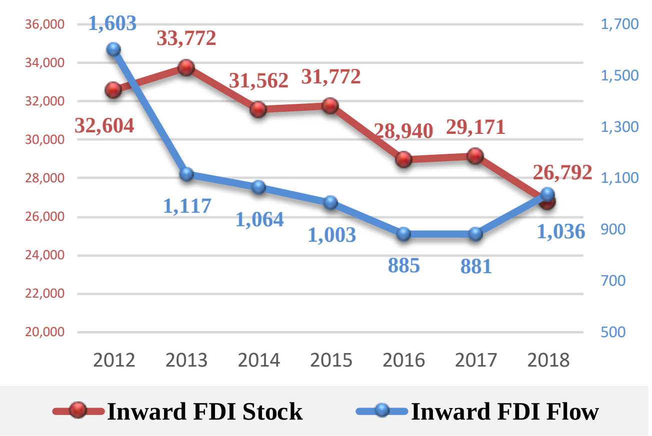
Overall Performance and Position in DIAI 2019

Tunisia

Economic Indicator	2019
Nominal GDP (Billions $)	36.2
Real GDP Growth (%)	2.7
GDP per Capita ($)	3,072.5
Inflation (average consumer prices)	7.5
Gov.Total Exp. Net Lending (% of GDP)	31.7
Current Account Balance (Billions $)	-3.7
Current Account Balance (% of GDP)	-10.1
Exports of Goods & Services (Billions $)	19.7
Imports of Goods & Services (Billions $)	24.1
Gross Official Reserves (Billions $)	6.2
Total reserves in months of imports	3.0
Total Gross External Debt (% of GDP)	98.4
Population (Millions $)	11.8
Unemployment (% of total labor force)	--

Source: International Monetary Fund (IMF-April-2019)

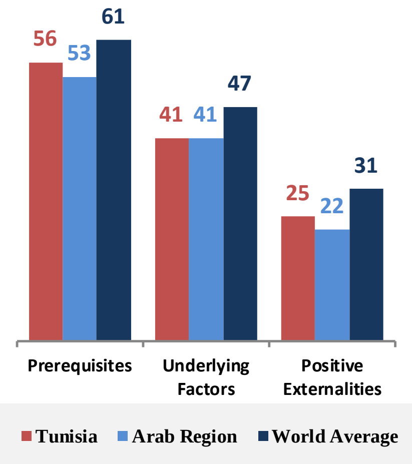
FDI Flow & Stock ($ Milion)



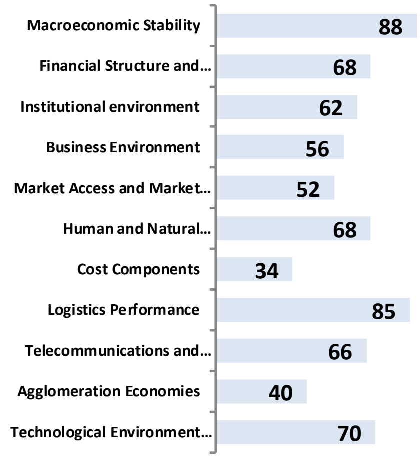
Source: UNCTAD (WIR2019)

Performance in Dhaman Investment Attractiveness Index (DIAI) 2019

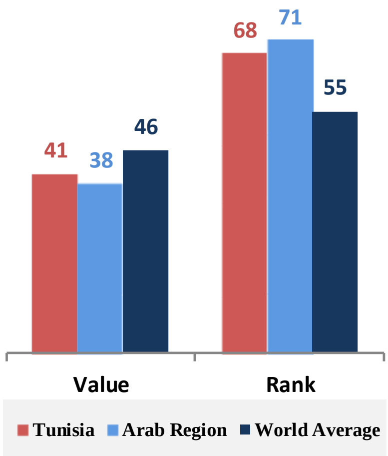
Performance in DIAI's three main Axies



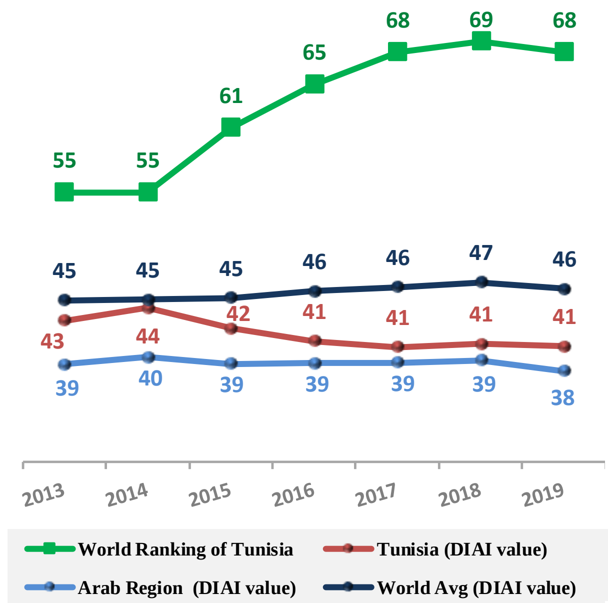
World Ranking in Sub-Indicators



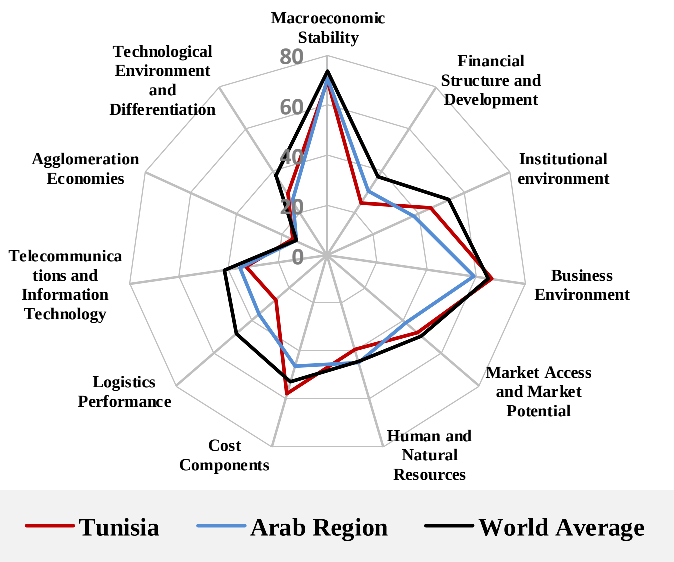
Performance in DIAI



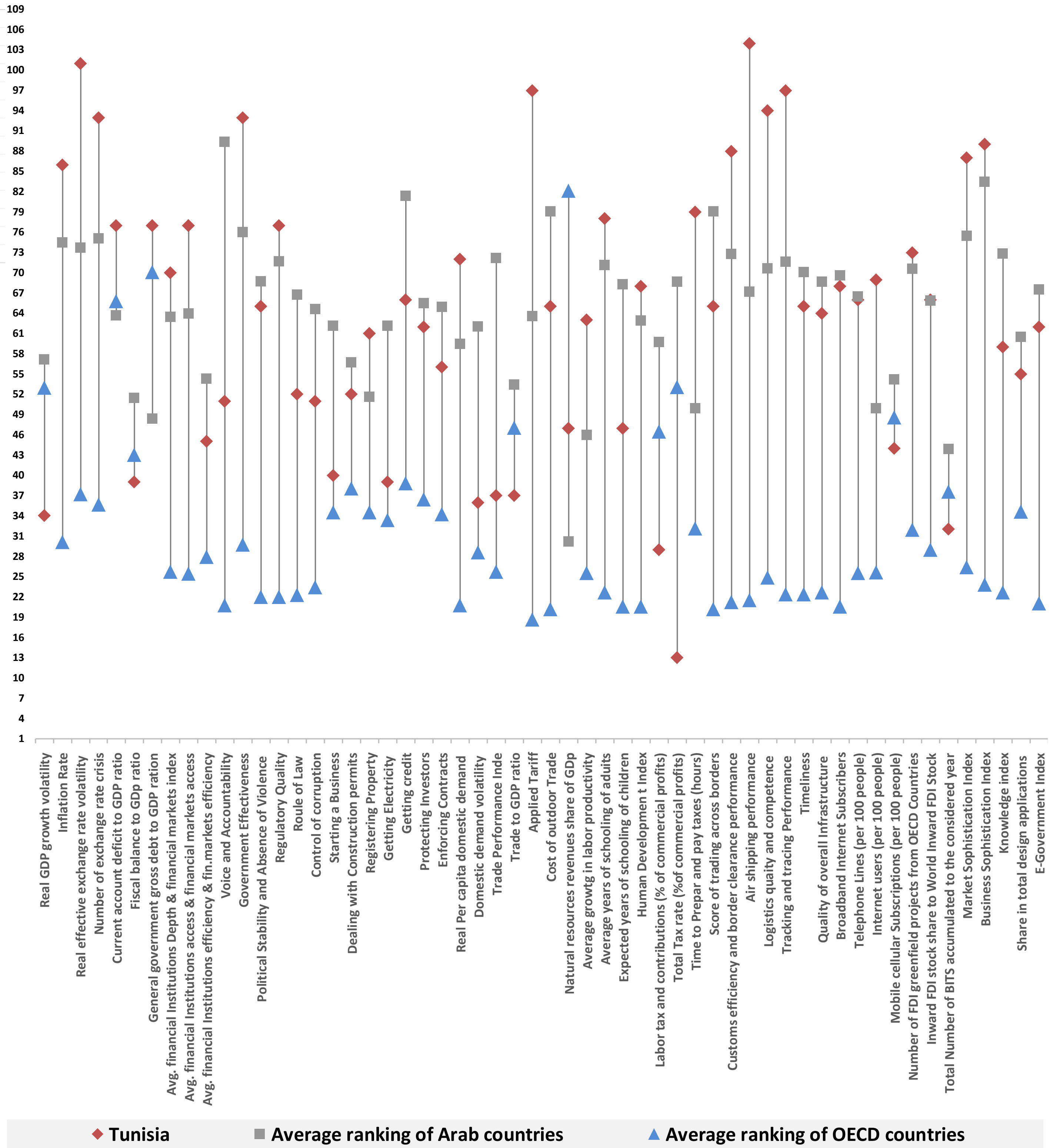
DIAI Evolution



Performance in (DIAI) 2019



The ranking of the country globally compared to the average ranking of the Arab countries and OECD (According to the components of the DIAI 2019)



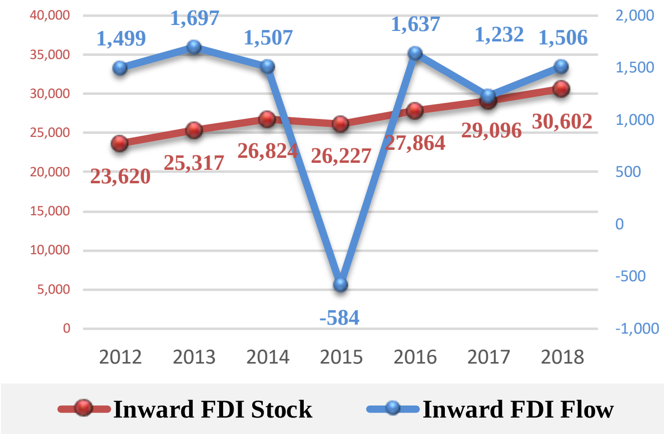
Overall Performance and Position in DIAI 2019

Algeria

Economic Indicator	2019
Nominal GDP (Billions $)	183.7
Real GDP Growth (%)	2.3
GDP per Capita ($)	4,229.8
Inflation (average consumer prices)	5.6
Gov.Total Exp. Net Lending (% of GDP)	36.4
Current Account Balance (Billions $)	-23.0
Current Account Balance (% of GDP)	-12.5
Exports of Goods & Services (Billions $)	40.5
Imports of Goods & Services (Billions $)	63.1
Gross Official Reserves (Billions $)	55.6
Total reserves in months of imports	11.5
Total Gross External Debt (% of GDP)	2.1
Population (Millions $)	43.4
Unemployment (% of total labor force)	12.6

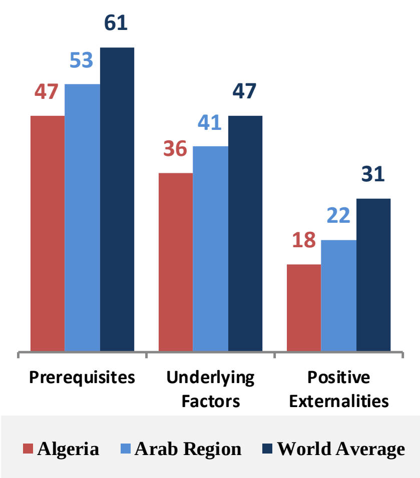
Source: International Monetary Fund (IMF-April-2019)

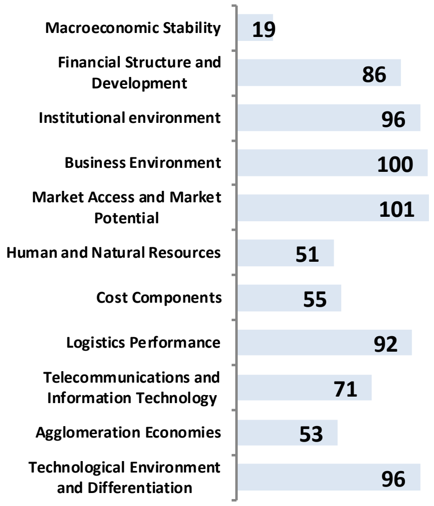
FDI Flow & Stock ($ Milion)

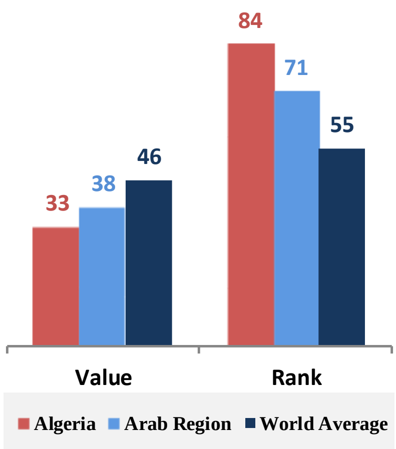


Source: UNCTAD (WIR2019)

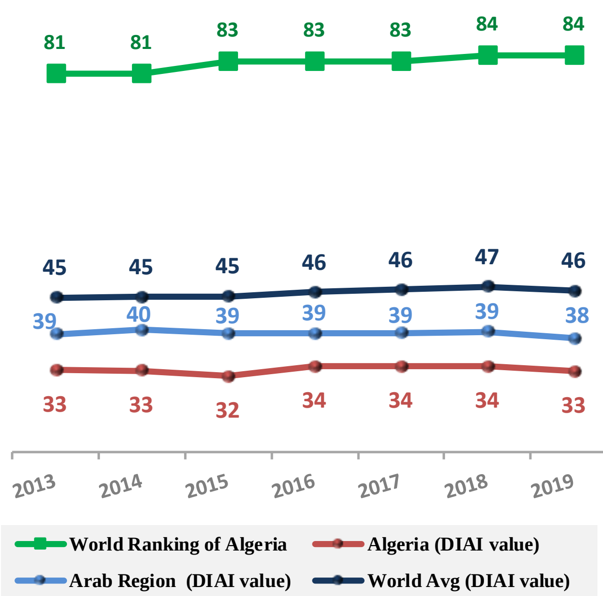
Performance in Dhaman Investment Attractiveness Index (DIAI) 2019



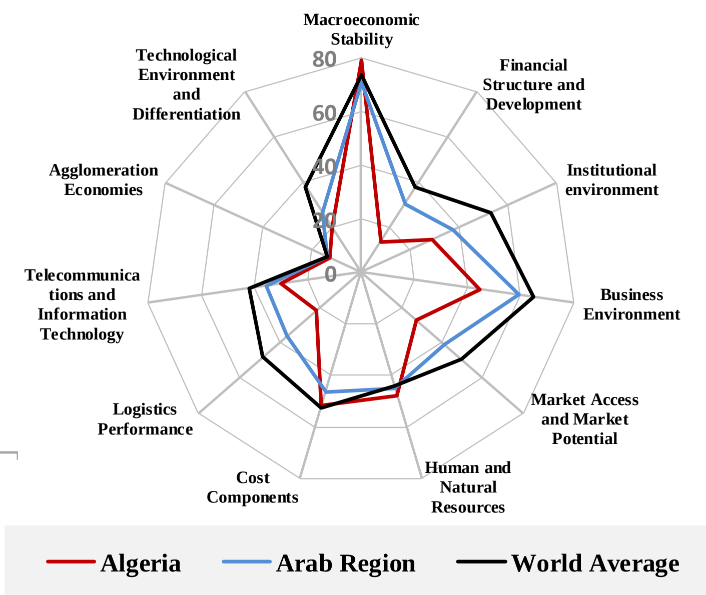




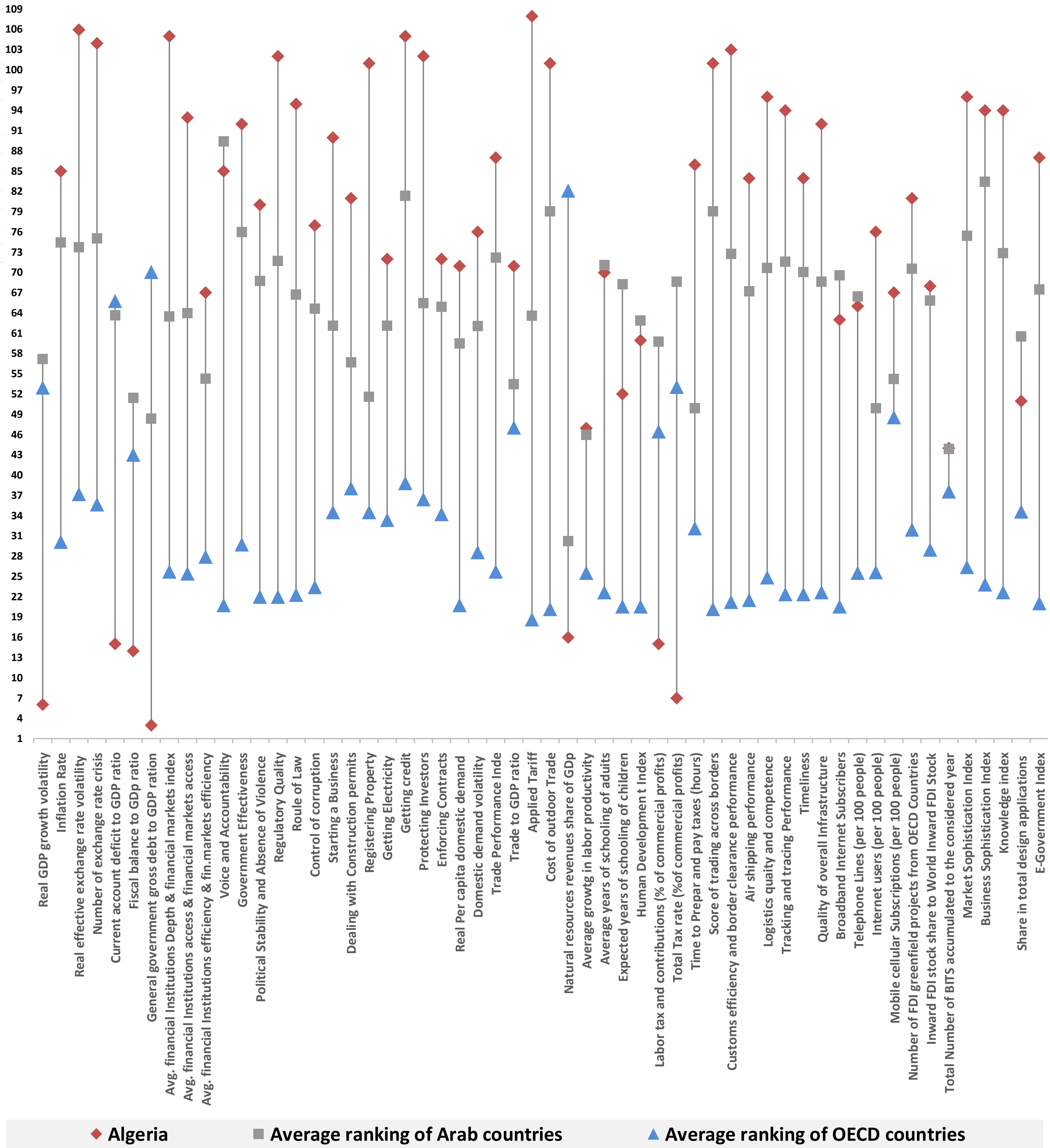
DIAI Evolution



Performance in (DIAI) 2019



The ranking of the country globally compared to the average ranking of the Arab countries and OECD (According to the components of the DIAI 2019)



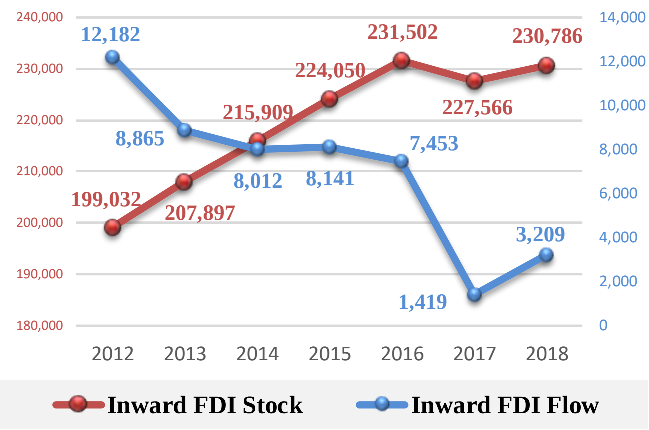
Overall Performance and Position in DIAI 2019

Saudi Arabia

Economic Indicator	2019
Nominal GDP (Billions $)	762.3
Real GDP Growth (%)	1.8
GDP per Capita ($)	22,507.1
Inflation (average consumer prices)	-0.7
Gov.Total Exp. Net Lending (% of GDP)	39.2
Current Account Balance (Billions $)	27.0
Current Account Balance (% of GDP)	3.5
Exports of Goods & Services (Billions $)	281.5
Imports of Goods & Services (Billions $)	228.8
Gross Official Reserves (Billions $)	495.7
Total reserves in months of imports	25.2
Total Gross External Debt (% of GDP)	30.4
Population (Millions $)	33.9
Unemployment (% of total labor force)	--

Source: International Monetary Fund (IMF-April-2019)

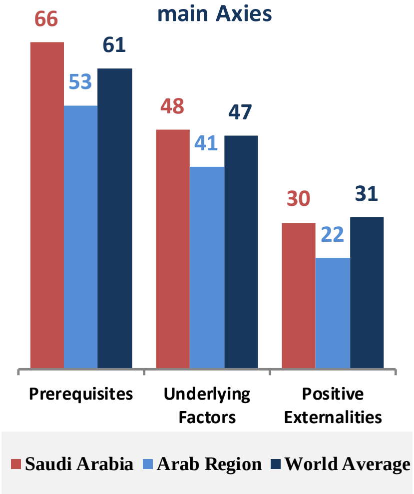
FDI Flow & Stock ($ Milion)



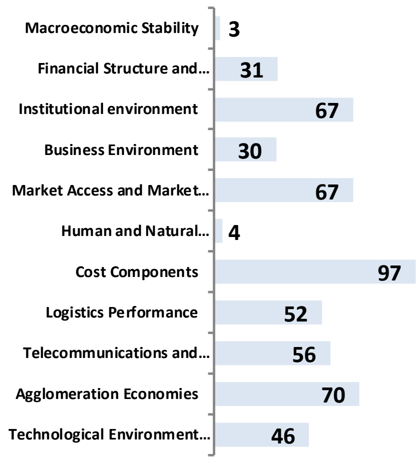
Source: UNCTAD (WIR2019)

Performance in Dhaman Investment Attractiveness Index (DIAI) 2019

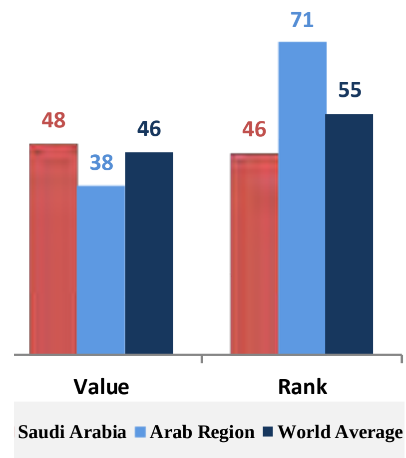
Performance in DIAI's three main Axies



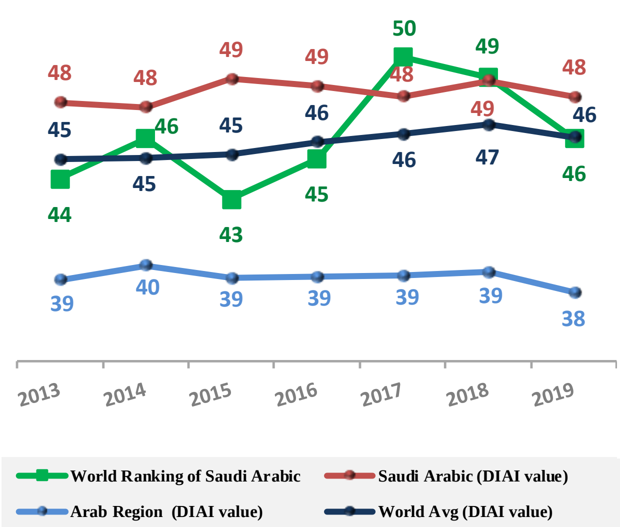
World Ranking in Sub-Indicators



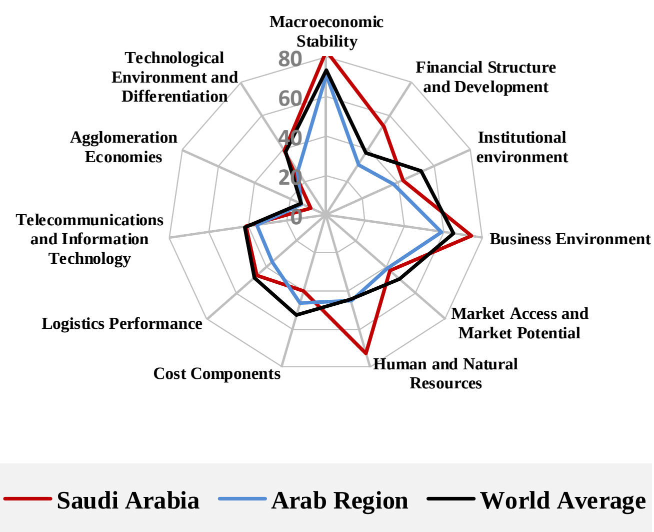
Performance in DIAI



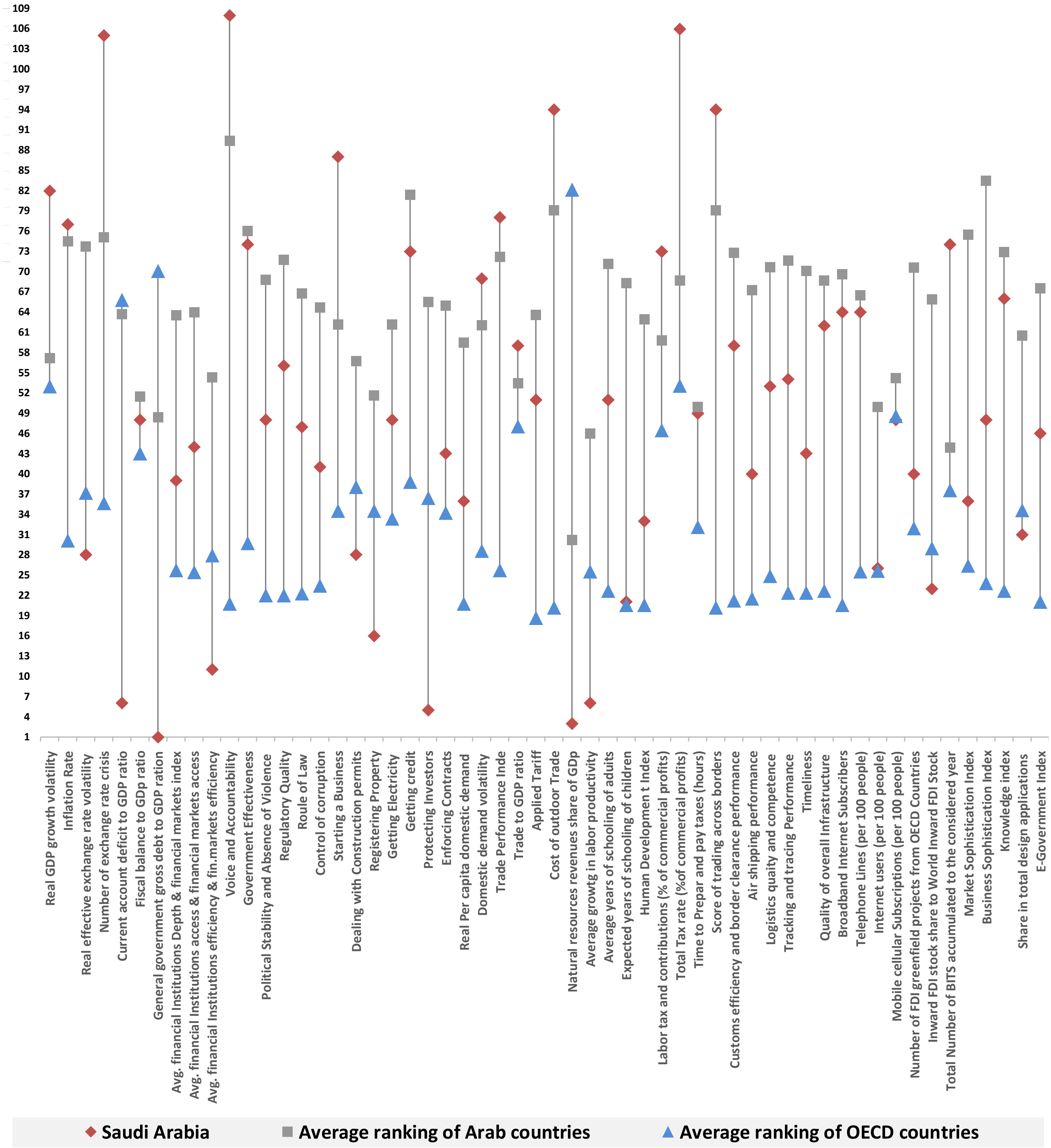
DIAI Evolution



Performance in (DIAI) 2019



The ranking of the country globally compared to the average ranking of the Arab countries and OECD (According to the components of the DIAI 2019)



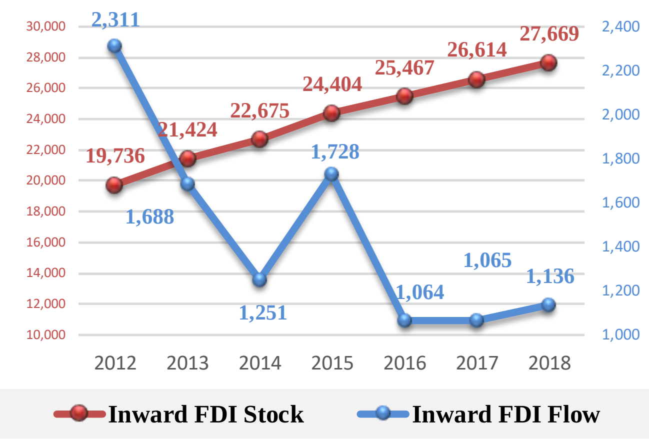
Overall Performance and Position in DIAI 2019

Sudan

Economic Indicator	2019
Nominal GDP (Billions $)	31.5
Real GDP Growth (%)	-2.3
GDP per Capita ($)	728.1
Inflation (average consumer prices)	49.6
Gov.Total Exp. Net Lending (% of GDP)	15.2
Current Account Balance (Billions $)	-3.1
Current Account Balance (% of GDP)	-9.9
Exports of Goods & Services (Billions $)	5.0
Imports of Goods & Services (Billions $)	6.9
Gross Official Reserves (Billions $)	1.1
Total reserves in months of imports	1.9
Total Gross External Debt (% of GDP)	177.6
Population (Millions $)	43.2
Unemployment (% of total labor force)	21.4

Source: International Monetary Fund (IMF-April-2019)

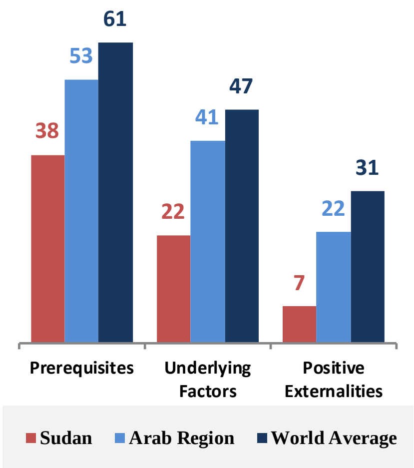
FDI Flow & Stock ($ Milion)



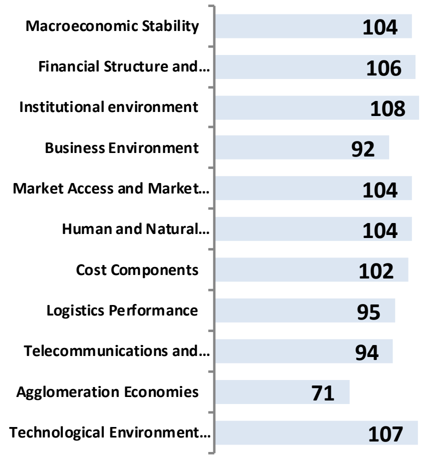
Source: UNCTAD (WIR2019)

Performance in Dhaman Investment Attractiveness Index (DIAI) 2019

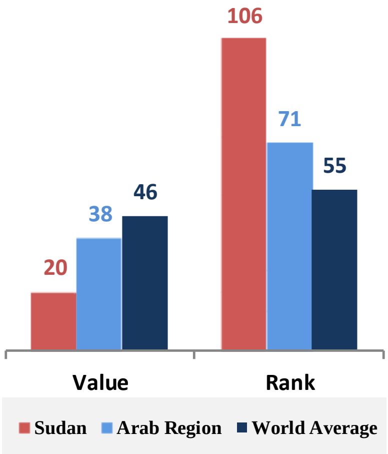
Performance in DIAI's three main Axies



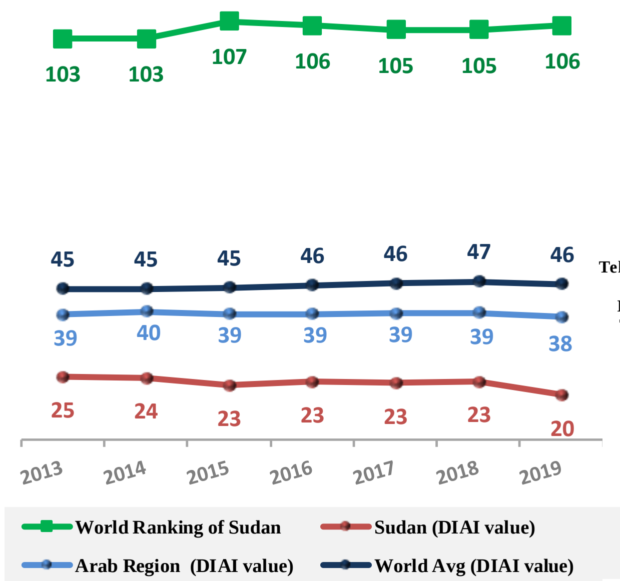
World Ranking in Sub-Indicators



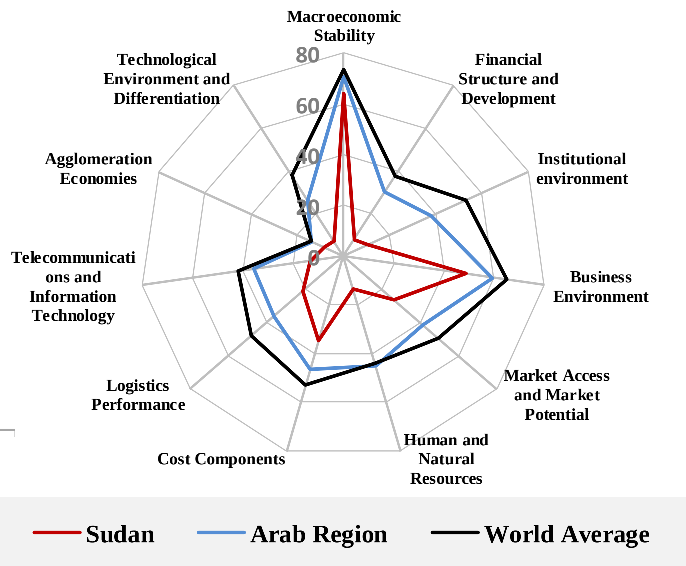
Performance in DIAI



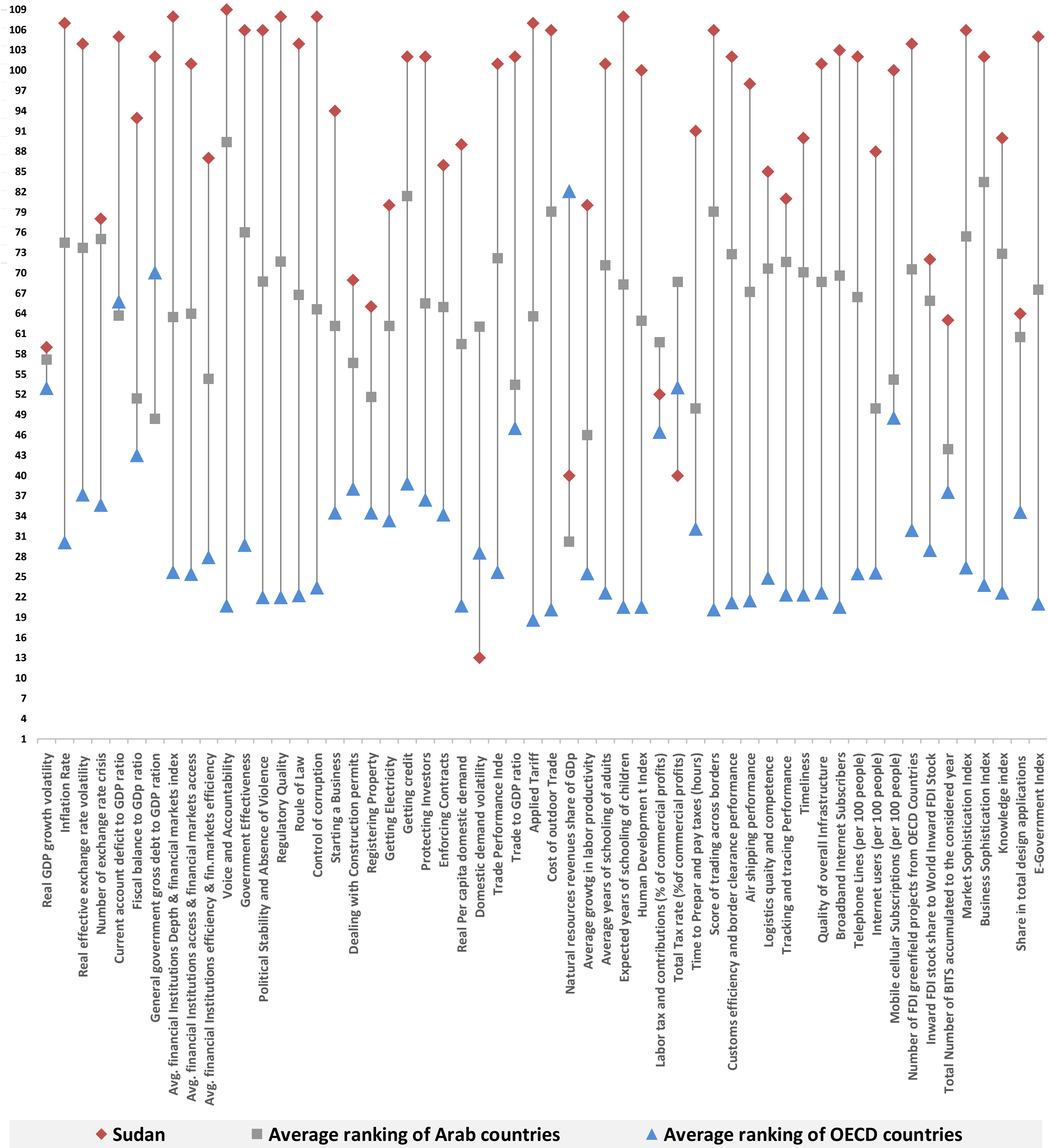
DIAI Evolution



Performance in (DIAI) 2019



The ranking of the country globally compared to the average ranking of the Arab countries and OECD (According to the components of the DIAI 2019)



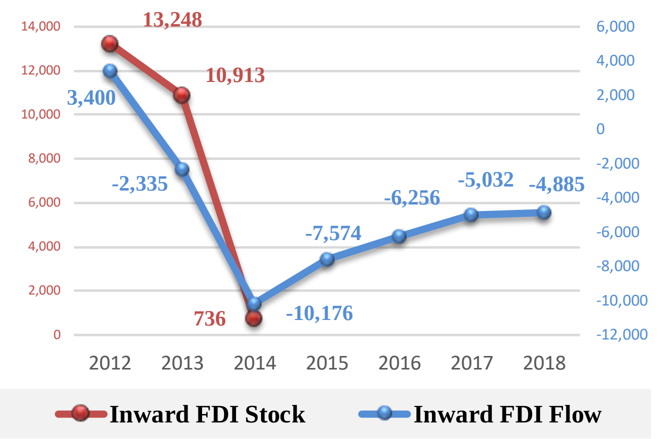
Overall Performance and Position in DIAI 2019

Iraq

Economic Indicator	2019
Nominal GDP (Billions $)	225.3
Real GDP Growth (%)	2.8
GDP per Capita ($)	5,758.8
Inflation (average consumer prices)	2.0
Gov.Total Exp. Net Lending (% of GDP)	44.6
Current Account Balance (Billions $)	-15.0
Current Account Balance (% of GDP)	-6.7
Exports of Goods & Services (Billions $)	88.5
Imports of Goods & Services (Billions $)	99.2
Gross Official Reserves (Billions $)	53.2
Total reserves in months of imports	6.4
Total Gross External Debt (% of GDP)	32.1
Population (Millions $)	39.1
Unemployment (% of total labor force)	--

Source: International Monetary Fund (IMF-April-2019)

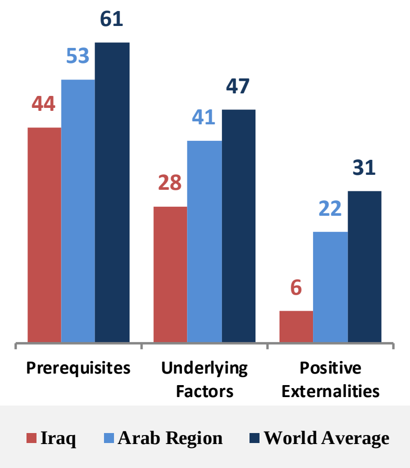
FDI Flow & Stock ($ Milion)



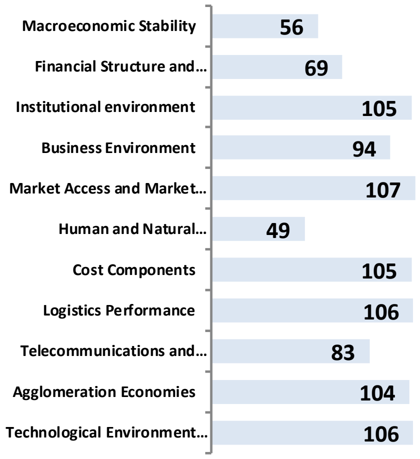
Source: UNCTAD (WIR2019)

Performance in Dhaman Investment Attractiveness Index (DIAI) 2019

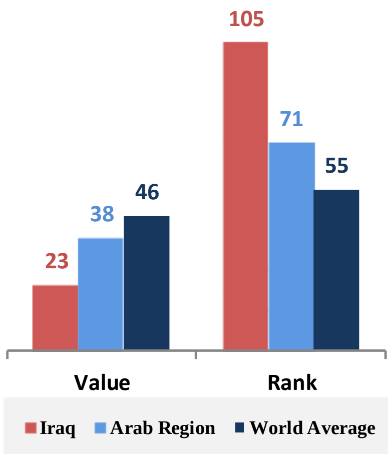
Performance in DIAI's three main Axies



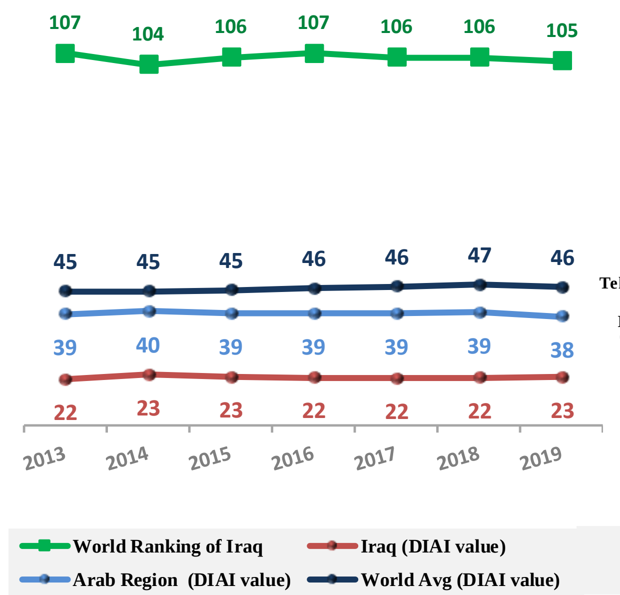
World Ranking in Sub-Indicators



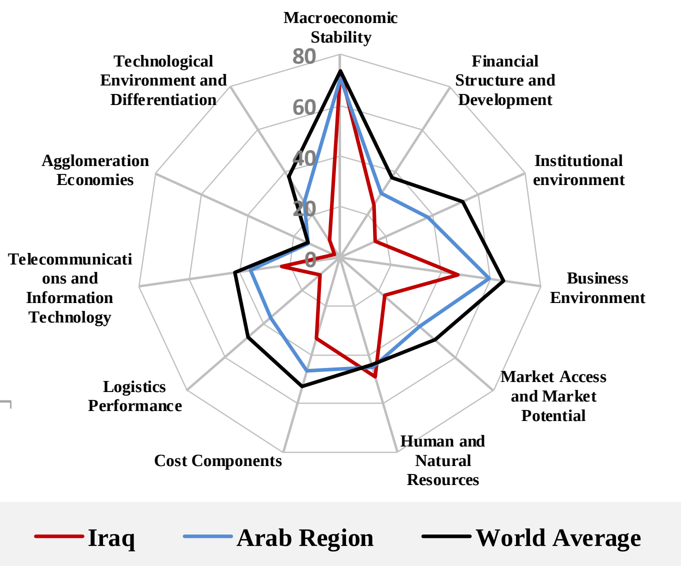
Performance in DIAI



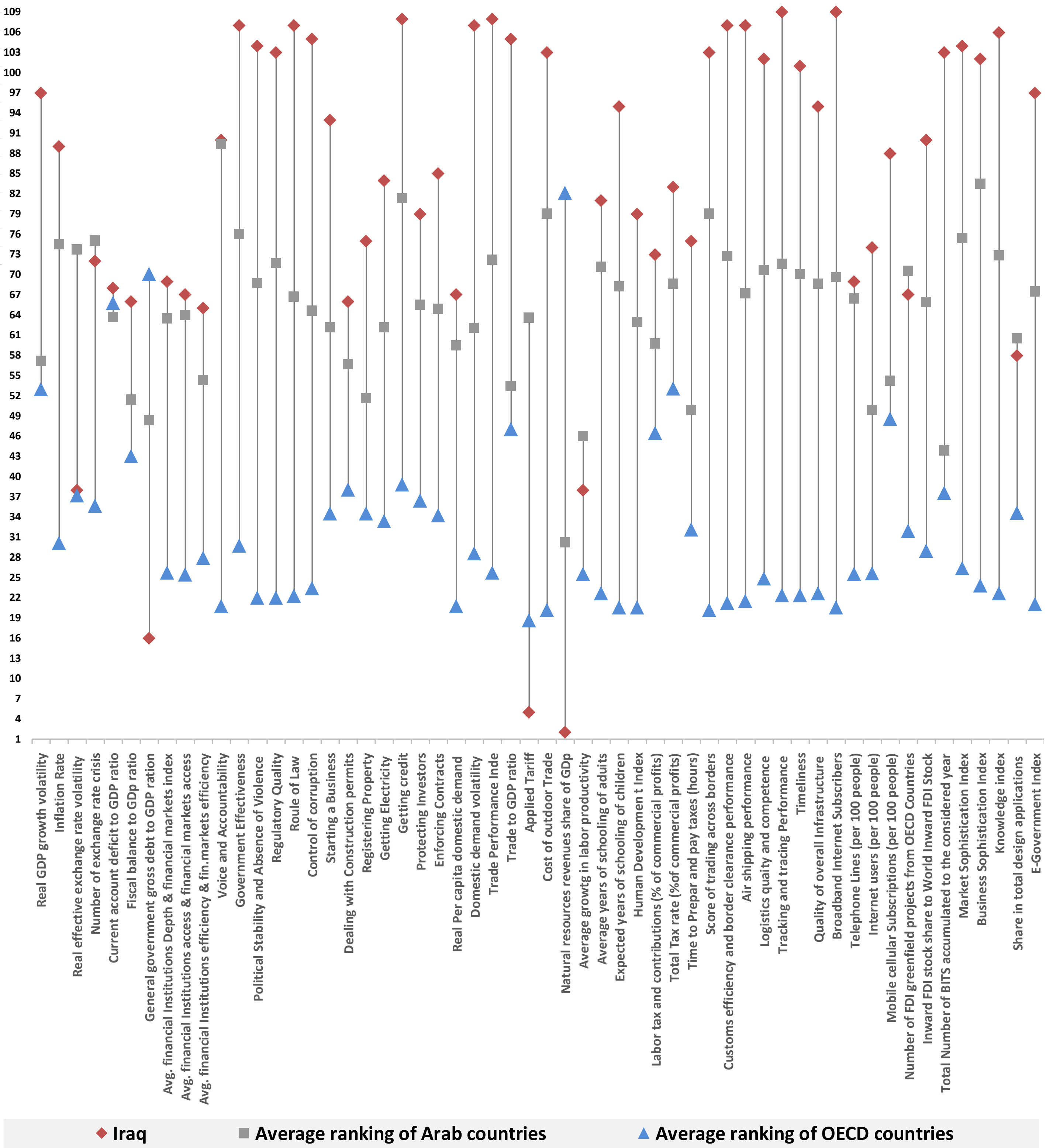
DIAI Evolution



Performance in (DIAI) 2019



The ranking of the country globally compared to the average ranking of the Arab countries and OECD (According to the components of the DIAI 2019)



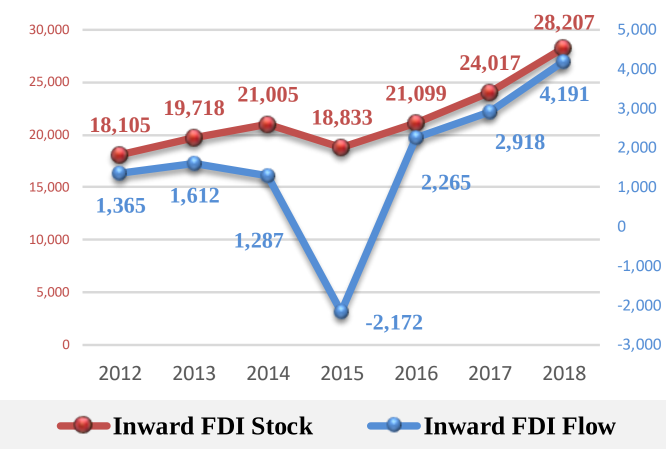
Overall Performance and Position in DIAI 2019

Oman

Economic Indicator	2019
Nominal GDP (Billions $)	79.5
Real GDP Growth (%)	1.1
GDP per Capita ($)	18,081.8
Inflation (average consumer prices)	1.5
Gov.Total Exp. Net Lending (% of GDP)	43.3
Current Account Balance (Billions $)	-6.9
Current Account Balance (% of GDP)	-8.7
Exports of Goods & Services (Billions $)	44.2
Imports of Goods & Services (Billions $)	37.6
Gross Official Reserves (Billions $)	16.1
Total reserves in months of imports	4.9
Total Gross External Debt (% of GDP)	99.6
Population (Millions $)	4.4
Unemployment (% of total labor force)	--

Source: International Monetary Fund (IMF-April-2019)

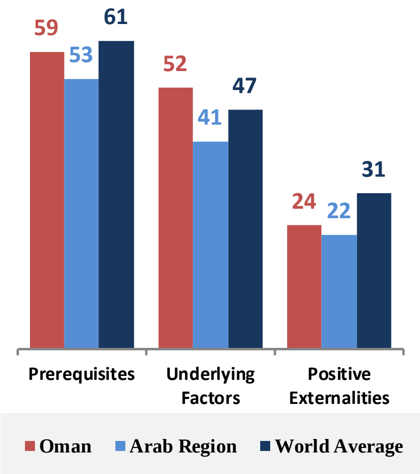
FDI Flow & Stock ($ Milion)



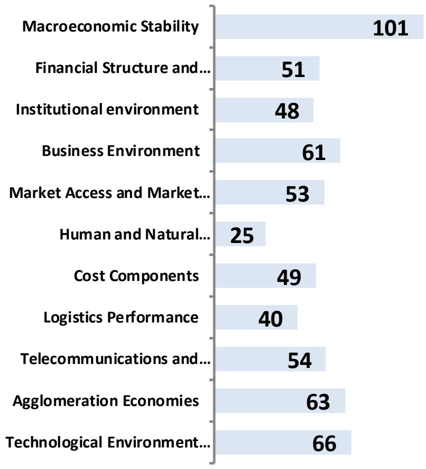
Source: UNCTAD (WIR2019)

Performance in Dhaman Investment Attractiveness Index (DIAI) 2019

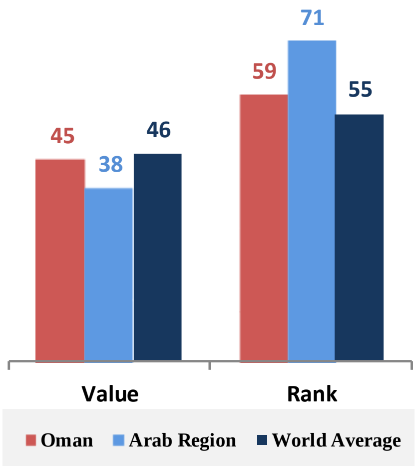
Performance in DIAI's three main Axies



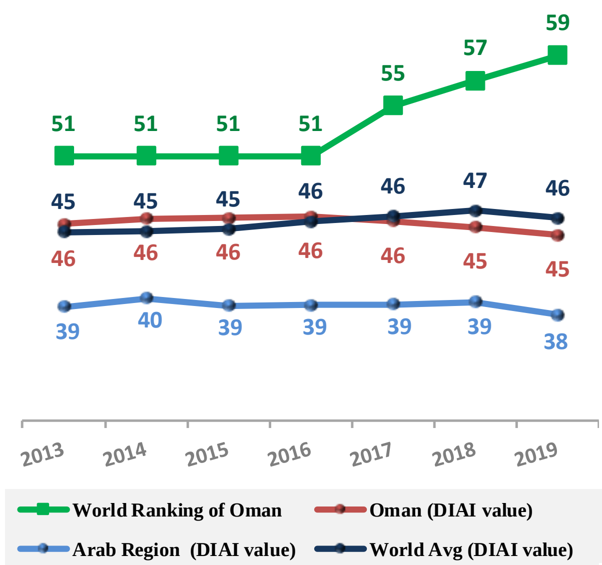
World Ranking in Sub-Indicators



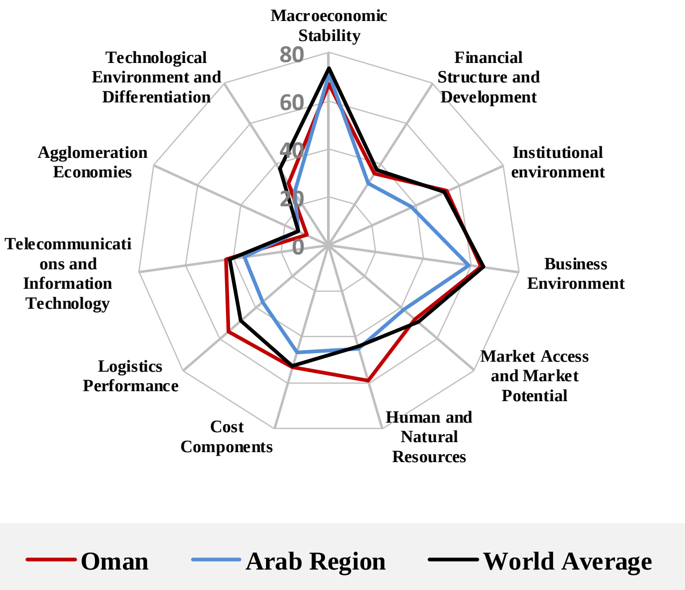
Performance in DIAI



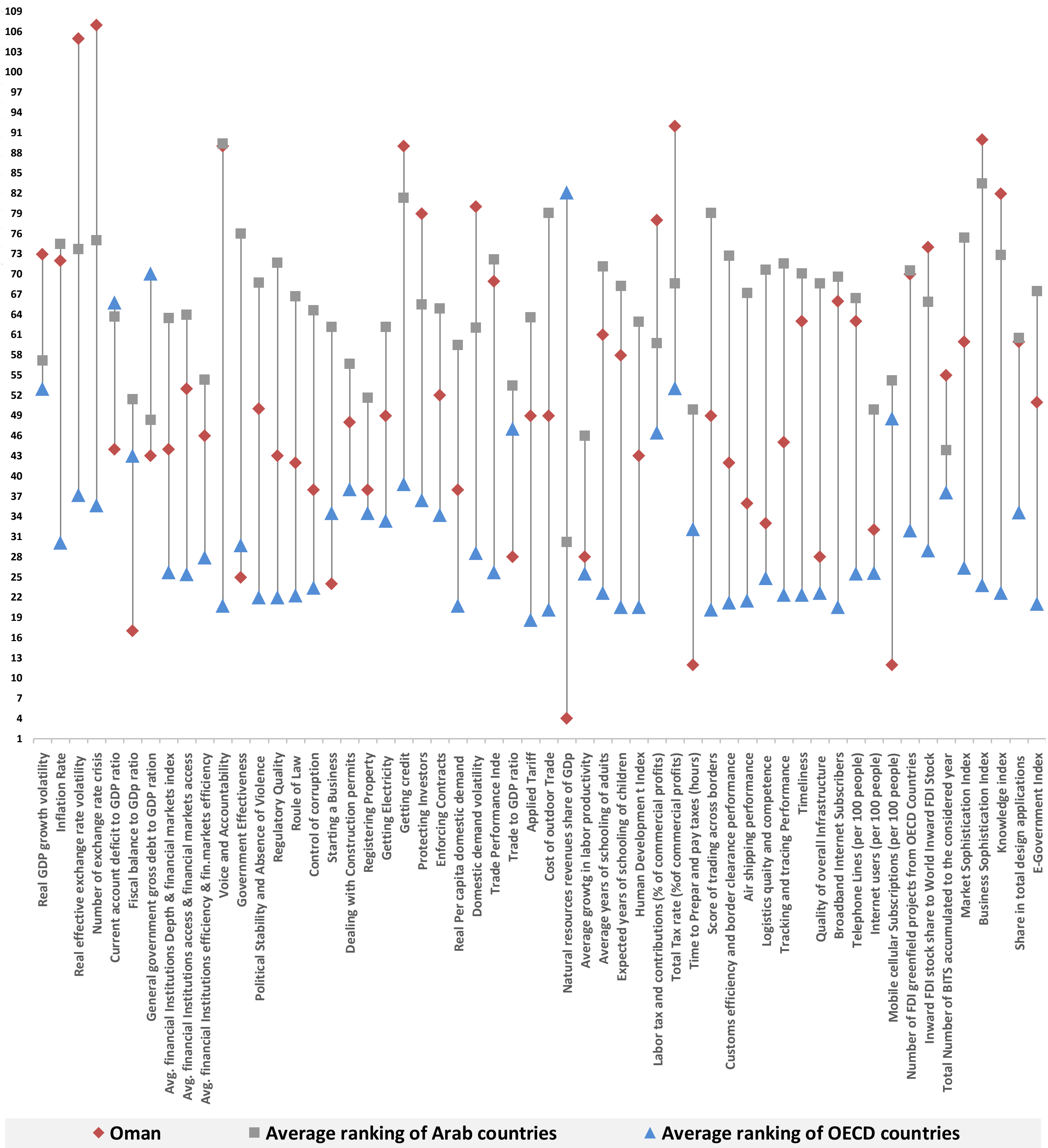
DIAI Evolution



Performance in (DIAI) 2019



The ranking of the country globally compared to the average ranking of the Arab countries and OECD (According to the components of the DIAI 2019)



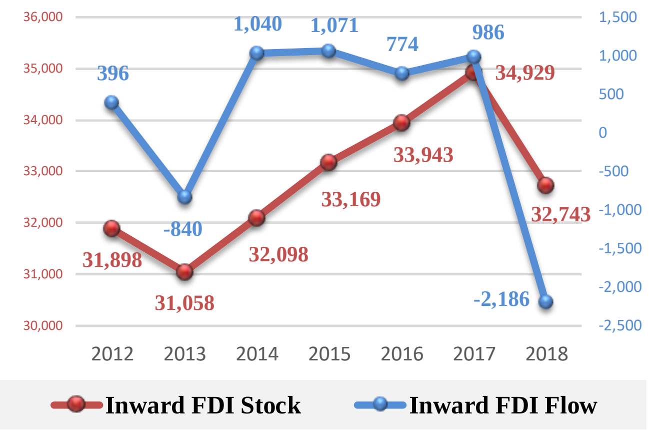
Overall Performance and Position in DIAI 2019

Qatar

Economic Indicator	2019
Nominal GDP (Billions $)	193.5
Real GDP Growth (%)	2.6
GDP per Capita ($)	70,288.2
Inflation (average consumer prices)	0.1
Gov.Total Exp. Net Lending (% of GDP)	29.8
Current Account Balance (Billions $)	8.9
Current Account Balance (% of GDP)	4.6
Exports of Goods & Services (Billions $)	96.3
Imports of Goods & Services (Billions $)	66.1
Gross Official Reserves (Billions $)	44.3
Total reserves in months of imports	7.8
Total Gross External Debt (% of GDP)	106.7
Population (Millions $)	2.8
Unemployment (% of total labor force)	--

Source: International Monetary Fund (IMF-April-2019)

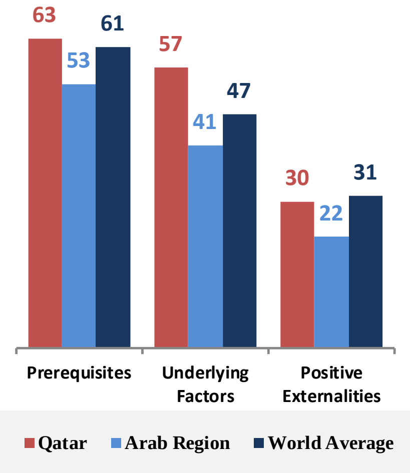
FDI Flow & Stock ($ Milion)



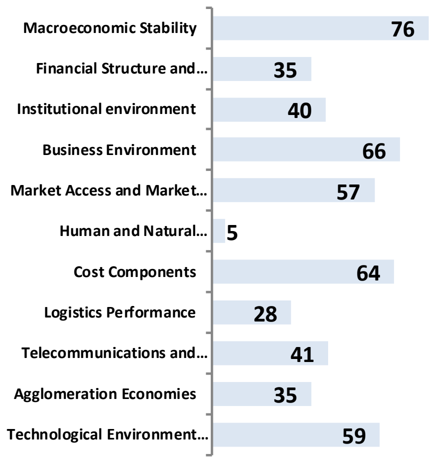
Source: UNCTAD (WIR2019)

Performance in Dhaman Investment Attractiveness Index (DIAI) 2019

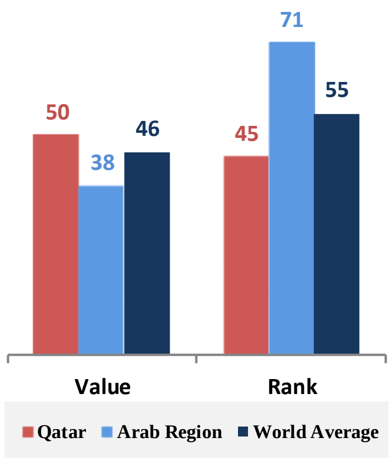
Performance in DIAI's three main Axies



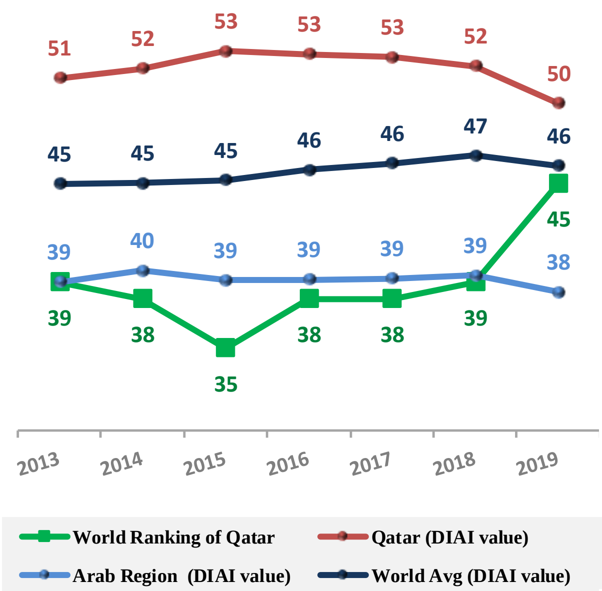
World Ranking in Sub-Indicators



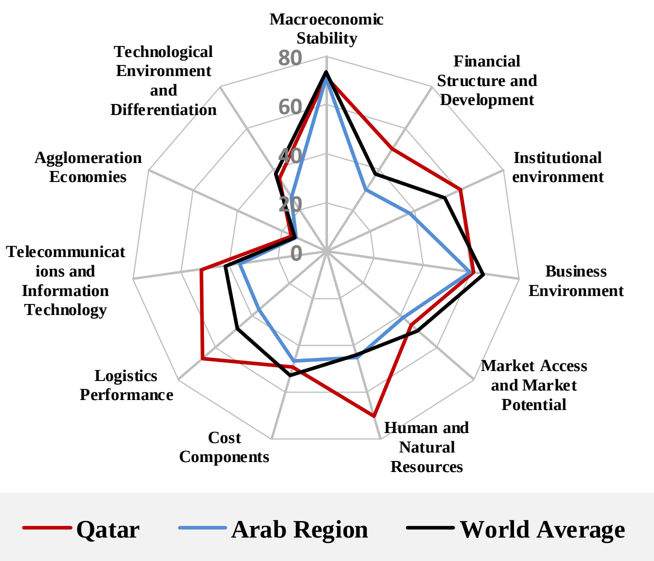
Performance in DIAI



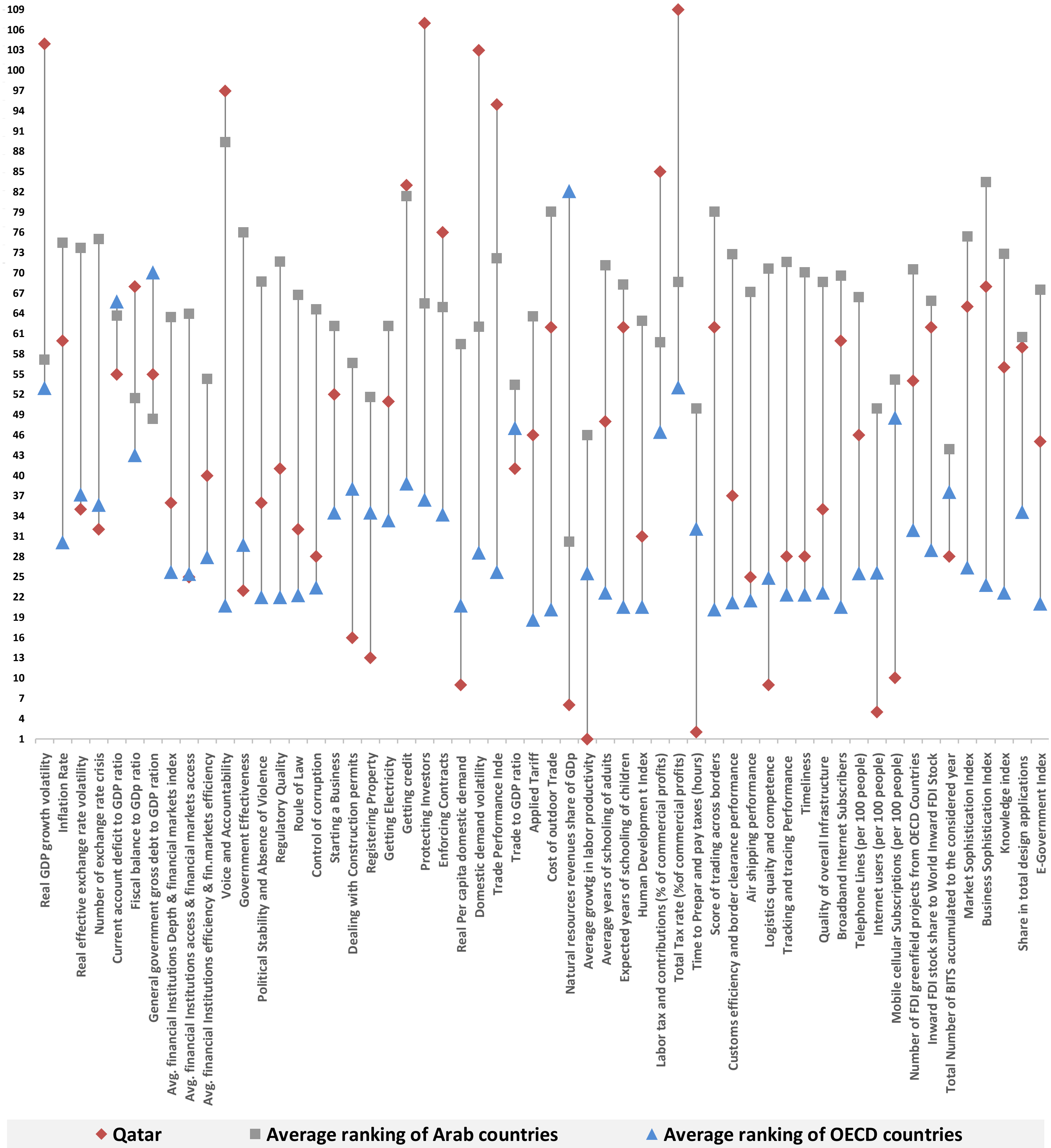
DIAI Evolution



Performance in (DIAI) 2019



The ranking of the country globally compared to the average ranking of the Arab countries and OECD (According to the components of the DIAI 2019)



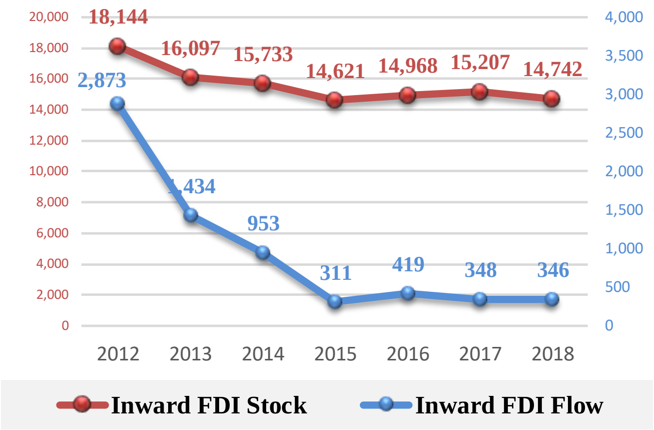
Overall Performance and Position in DIAI 2019

Kuwait

Economic Indicator	2019
Nominal GDP (Billions $)	136.9
Real GDP Growth (%)	2.5
GDP per Capita ($)	29,128.6
Inflation (average consumer prices)	2.5
Gov.Total Exp. Net Lending (% of GDP)	50.4
Current Account Balance (Billions $)	10.2
Current Account Balance (% of GDP)	7.4
Exports of Goods & Services (Billions $)	70.2
Imports of Goods & Services (Billions $)	63.0
Gross Official Reserves (Billions $)	37.2
Total reserves in months of imports	6.8
Total Gross External Debt (% of GDP)	45.8
Population (Millions $)	4.7
Unemployment (% of total labor force)	1.3

Source: International Monetary Fund (IMF-April-2019)

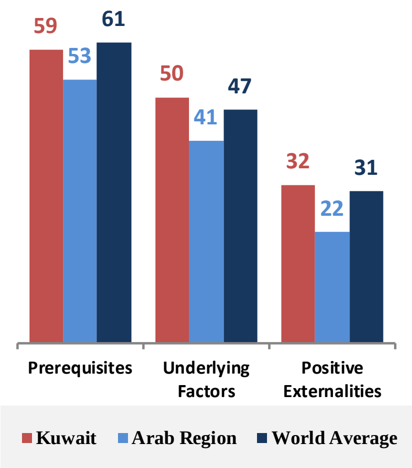
FDI Flow & Stock ($ Milion)



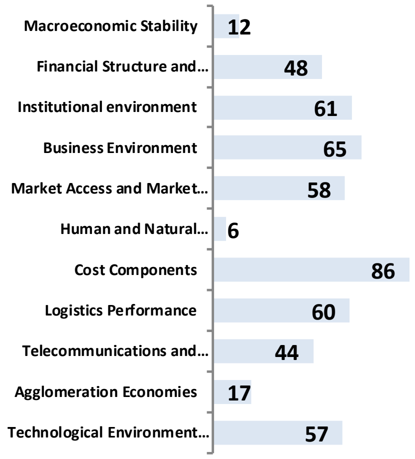
Source: UNCTAD (WIR2019)

Performance in Dhaman Investment Attractiveness Index (DIAI) 2019

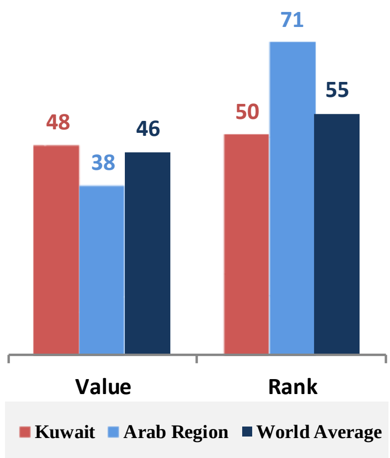
Performance in DIAI's three main Axies



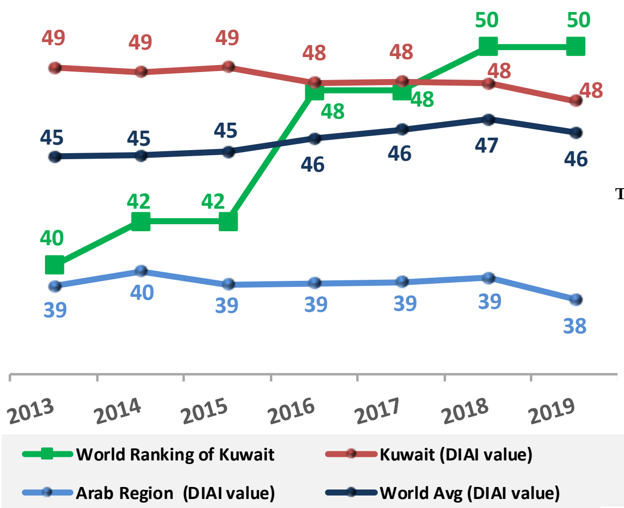
World Ranking in Sub-Indicators



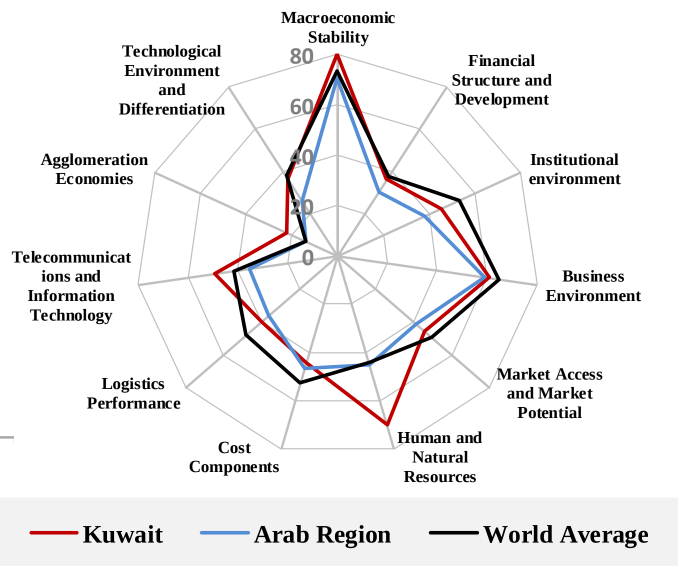
Performance in DIAI



DIAI Evolution

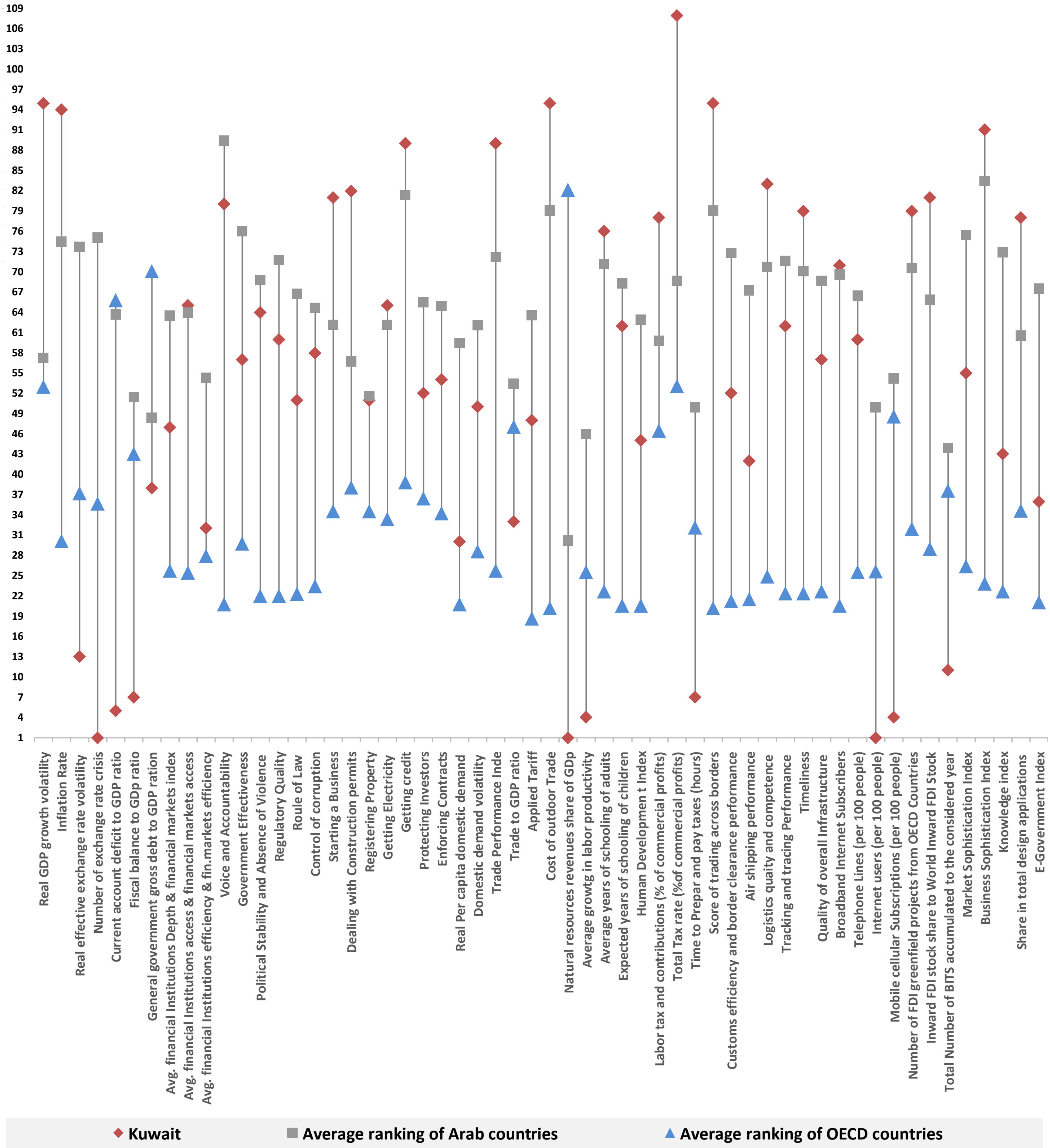


Performance in (DIAI) 2019



Kuwait

The ranking of the country globally compared to the average ranking of the Arab countries and OECD (According to the components of the DIAI 2019)



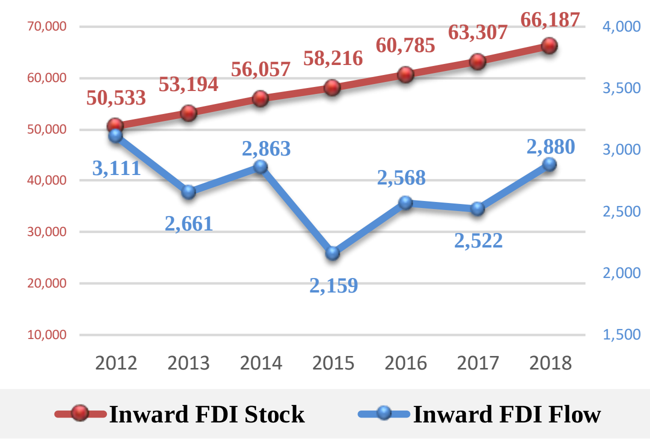
Overall Performance and Position in DIAI 2019

Lebanon

Economic Indicator	2019
Nominal GDP (Billions $)	58.3
Real GDP Growth (%)	1.3
GDP per Capita ($)	9,607.9
Inflation (average consumer prices)	2.0
Gov.Total Exp. Net Lending (% of GDP)	33.5
Current Account Balance (Billions $)	-16.4
Current Account Balance (% of GDP)	-28.2
Exports of Goods & Services (Billions $)	21.7
Imports of Goods & Services (Billions $)	36.5
Gross Official Reserves (Billions $)	33.9
Total reserves in months of imports	10.6
Total Gross External Debt (% of GDP)	191.3
Population (Millions $)	6.1
Unemployment (% of total labor force)	--

Source: International Monetary Fund (IMF-April-2019)

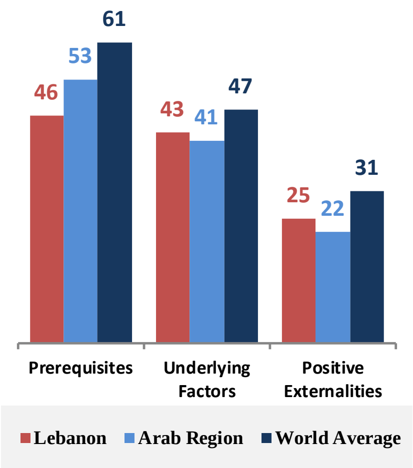
FDI Flow & Stock ($ Milion)



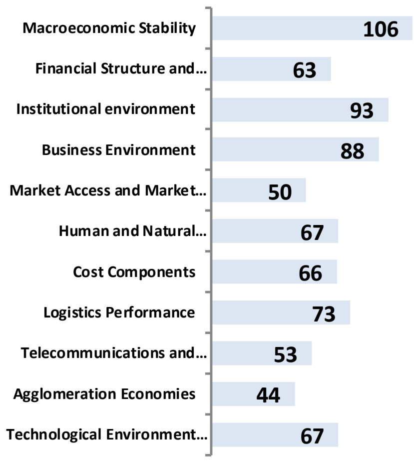
Source: UNCTAD (WIR2019)

Performance in Dhaman Investment Attractiveness Index (DIAI) 2019

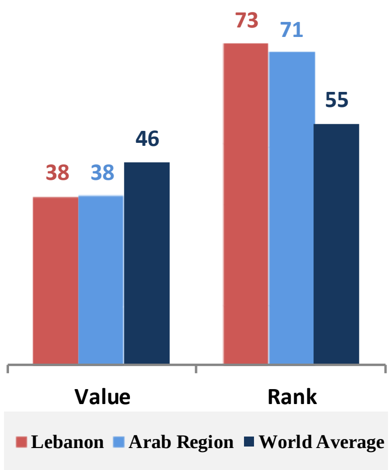
Performance in DIAI's three main Axes



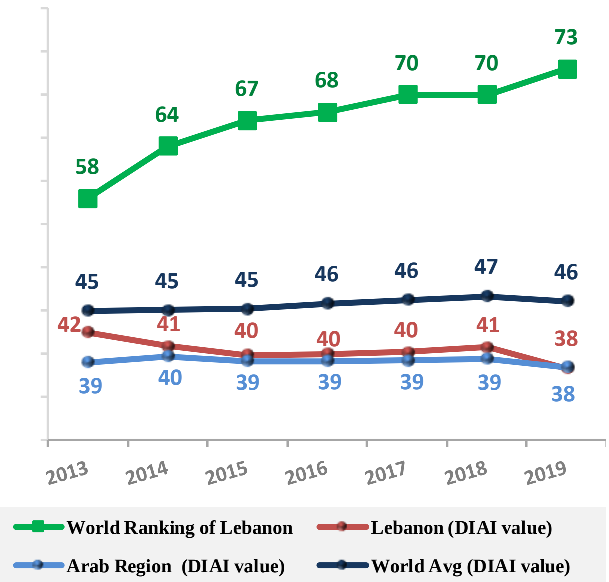
World Ranking in Sub-Indicators



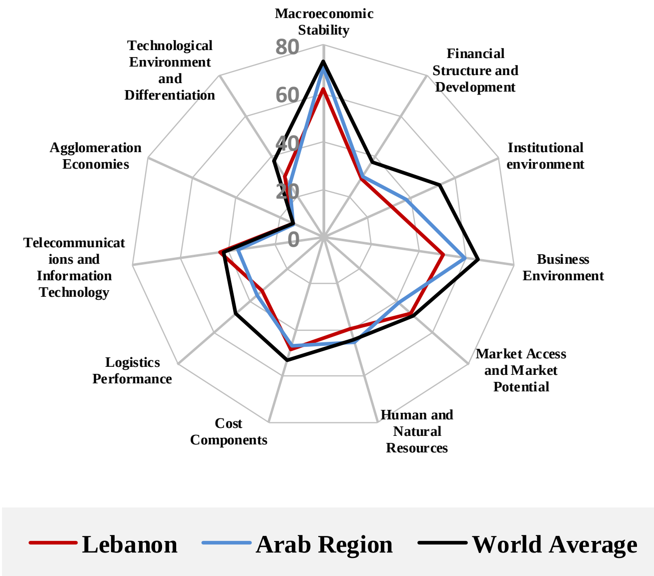
Performance in DIAI



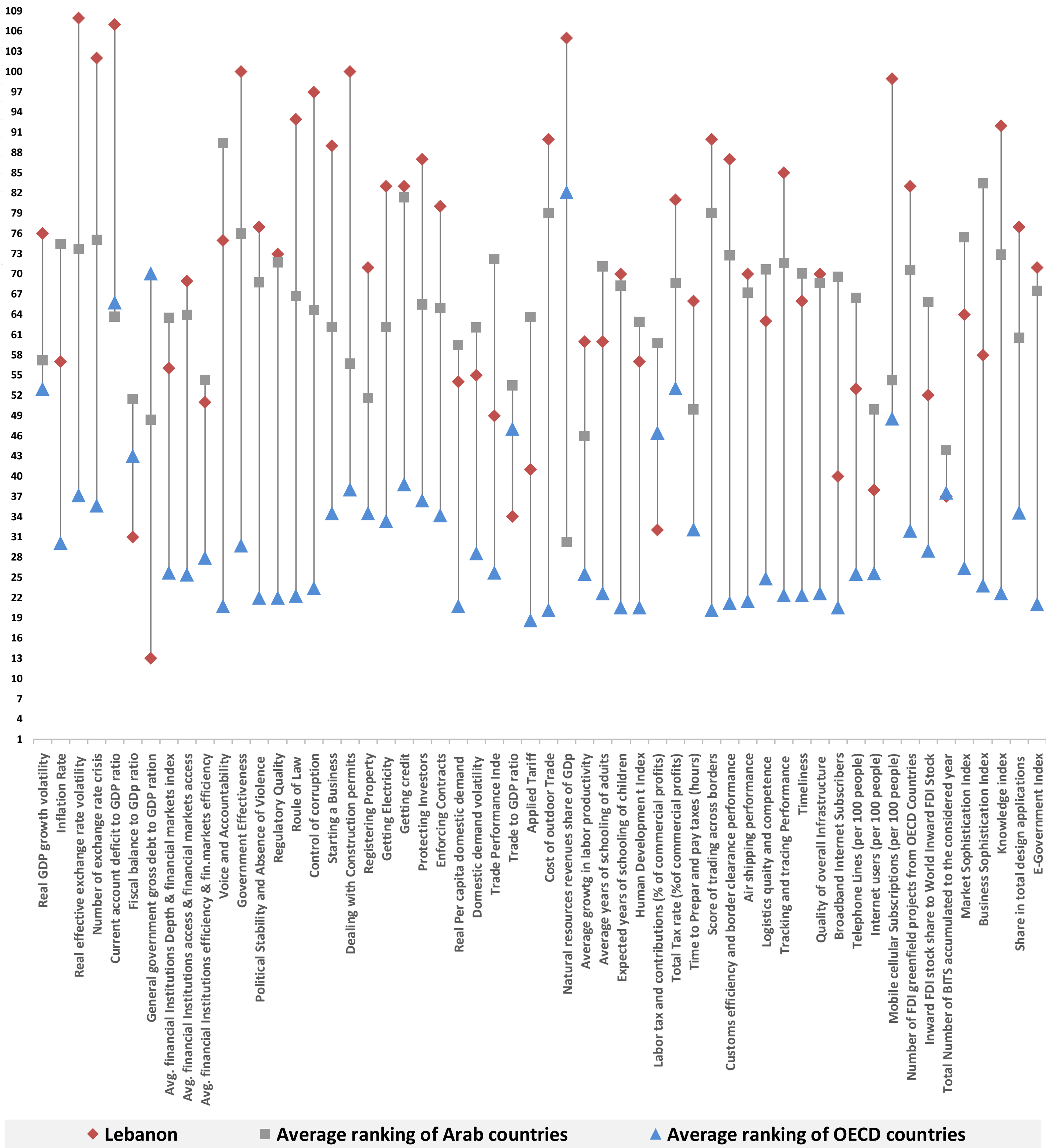
DIAI Evolution



Performance in (DIAI) 2019



The ranking of the country globally compared to the average ranking of the Arab countries and OECD (According to the components of the DIAI 2019)



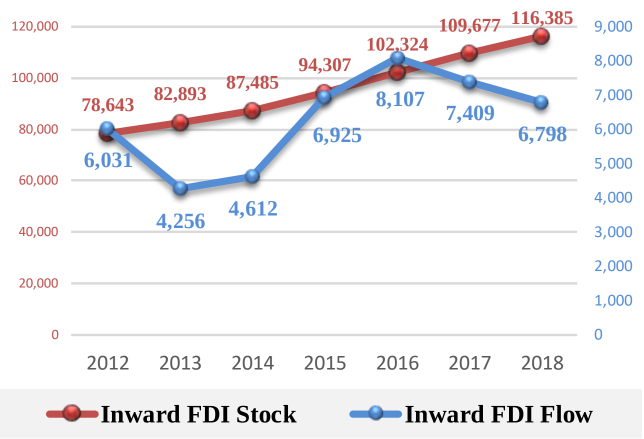
Overall Performance and Position in DIAI 2019

Egypt

Economic Indicator	2019
Nominal GDP (Billions $)	299.6
Real GDP Growth (%)	5.5
GDP per Capita ($)	3,019.7
Inflation (average consumer prices)	13.2
Gov.Total Exp. Net Lending (% of GDP)	28.8
Current Account Balance (Billions $)	-7.1
Current Account Balance (% of GDP)	-2.4
Exports of Goods & Services (Billions $)	55.0
Imports of Goods & Services (Billions $)	78.7
Gross Official Reserves (Billions $)	44.8
Total reserves in months of imports	6.6
Total Gross External Debt (% of GDP)	34.8
Population (Millions $)	99.2
Unemployment (% of total labor force)	9.6

Source: International Monetary Fund (IMF-April-2019)

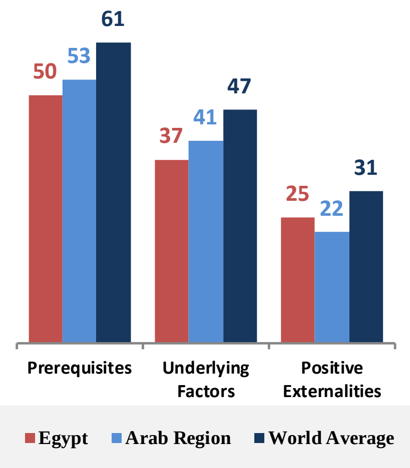
FDI Flow & Stock ($ Milion)



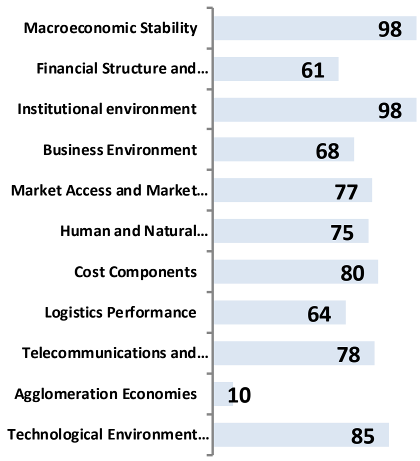
Source: UNCTAD (WIR2019)

Performance in Dhaman Investment Attractiveness Index (DIAI) 2019

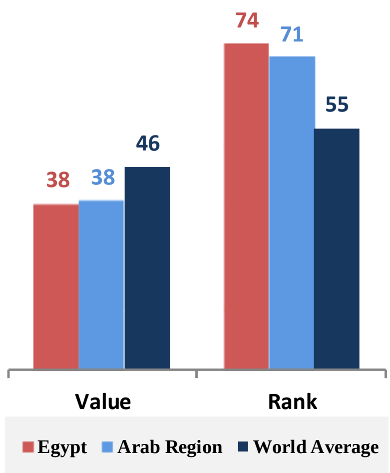
Performance in DIAI's three main Axies



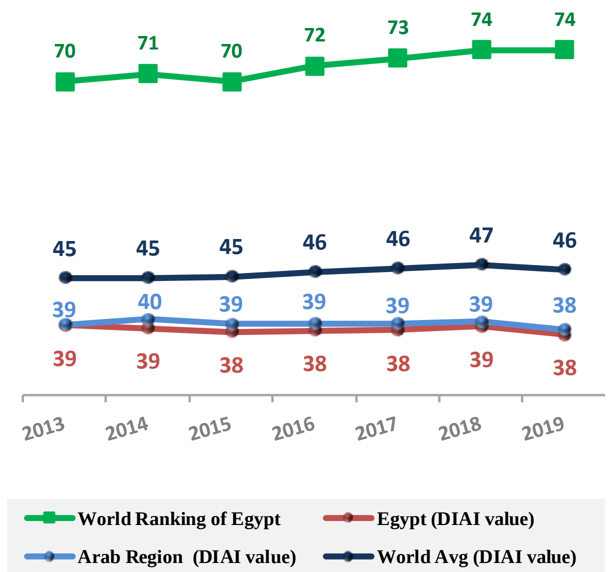
World Ranking in Sub-Indicators



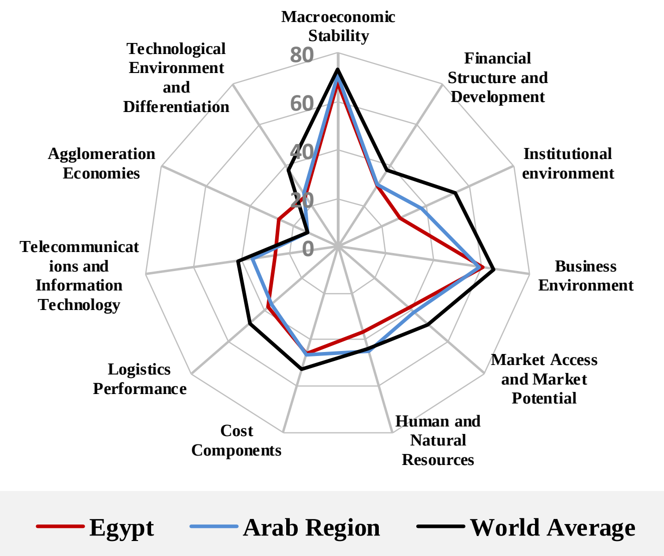
Performance in DIAI



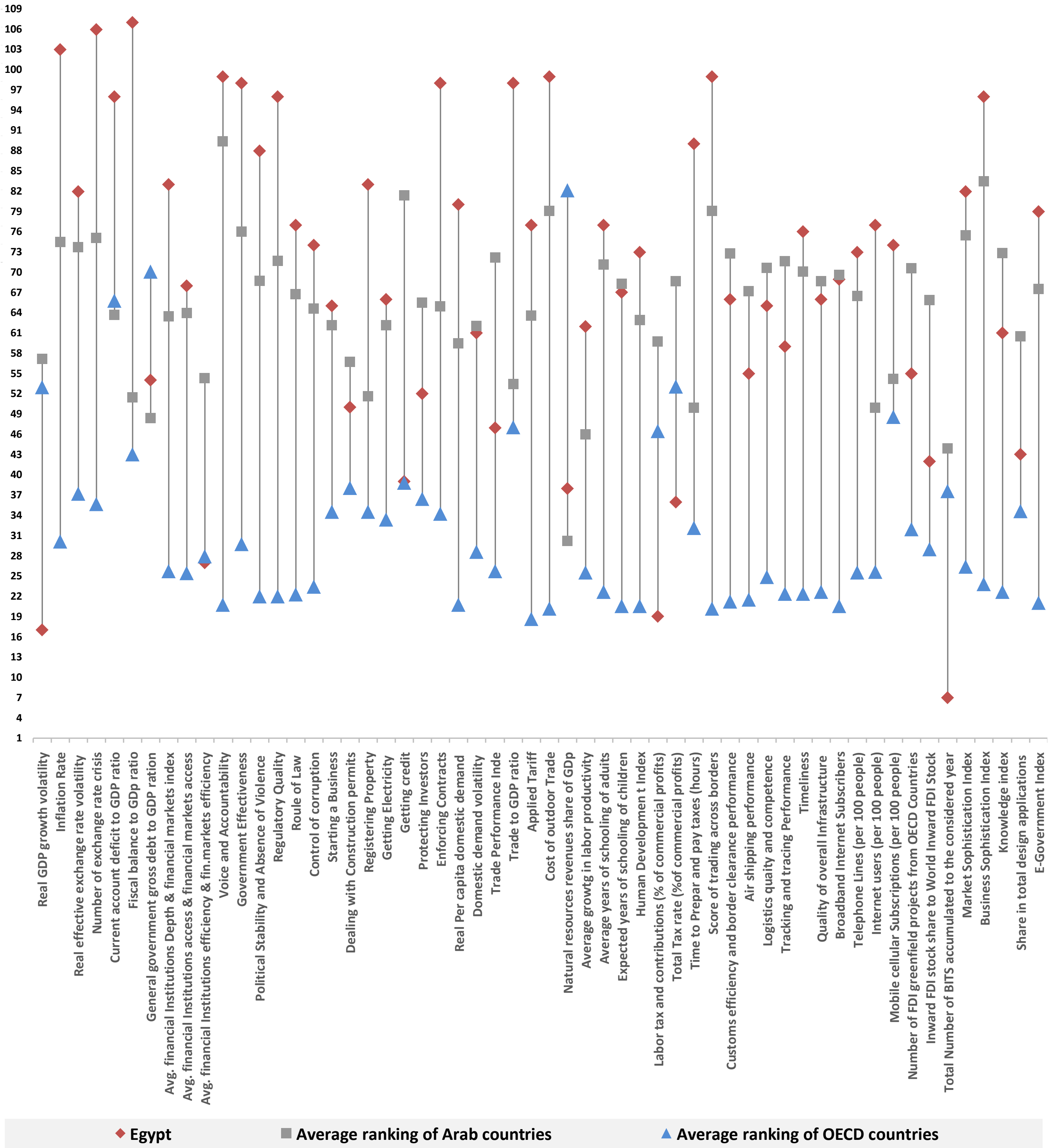
DIAI Evolution



Performance in (DIAI) 2019



The ranking of the country globally compared to the average ranking of the Arab countries and OECD (According to the components of the DIAI 2019)



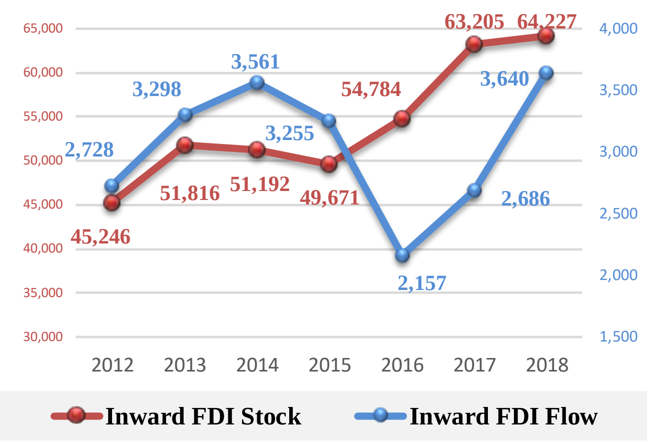
Overall Performance and Position in DIAI 2019

Morocco

Economic Indicator	2019
Nominal GDP (Billions $)	121.3
Real GDP Growth (%)	3.2
GDP per Capita ($)	3,410.0
Inflation (average consumer prices)	1.4
Gov.Total Exp. Net Lending (% of GDP)	29.7
Current Account Balance (Billions $)	-4.9
Current Account Balance (% of GDP)	-4.1
Exports of Goods & Services (Billions $)	45.8
Imports of Goods & Services (Billions $)	57.6
Gross Official Reserves (Billions $)	26.3
Total reserves in months of imports	5.2
Total Gross External Debt (% of GDP)	34.3
Population (Millions $)	35.6
Unemployment (% of total labor force)	9.2

Source: International Monetary Fund (IMF-April-2019)

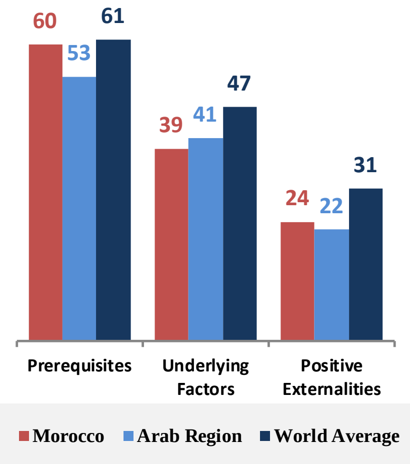
FDI Flow & Stock ($ Milion)



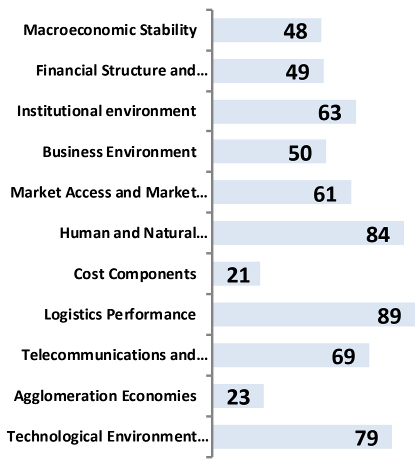
Source: UNCTAD (WIR2019)

Performance in Dhaman Investment Attractiveness Index (DIAI) 2019

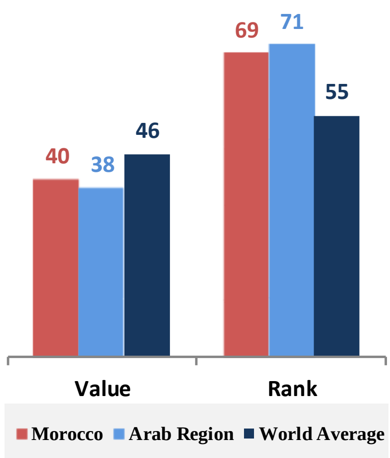
Performance in DIAI's three main Axies



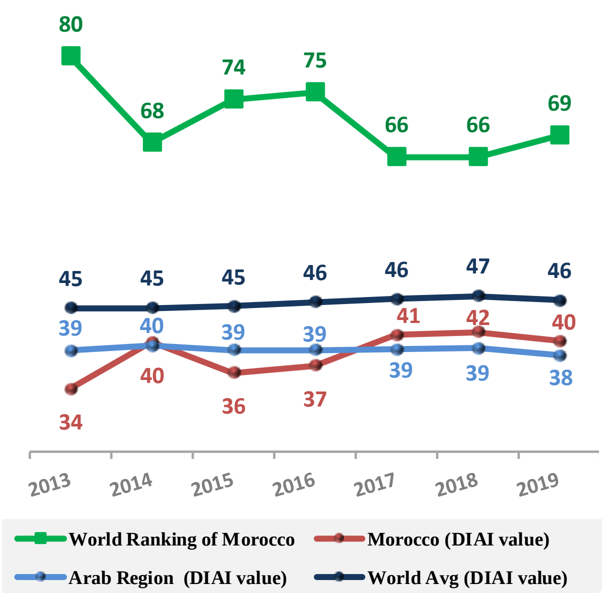
World Ranking in Sub-Indicators



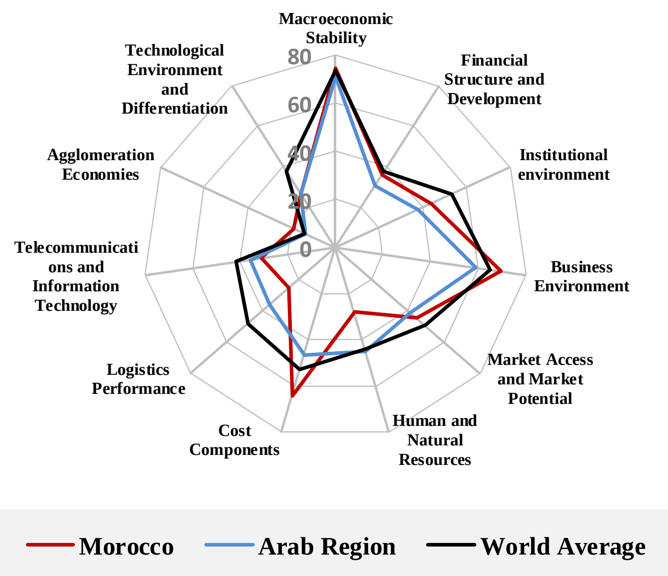
Performance in DIAI



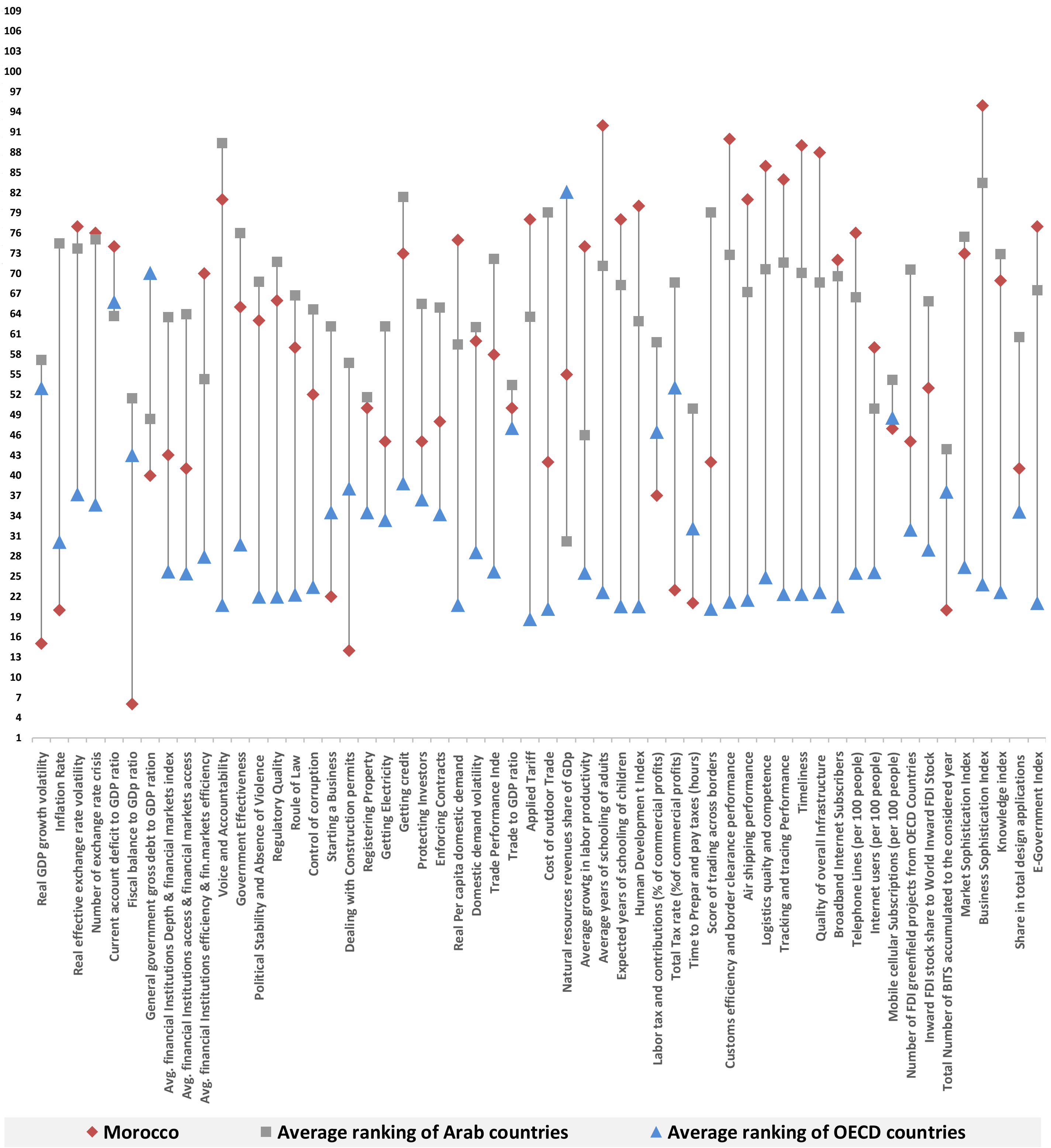
DIAI Evolution



Performance in (DIAI) 2019



The ranking of the country globally compared to the average ranking of the Arab countries and OECD (According to the components of the DIAI 2019)



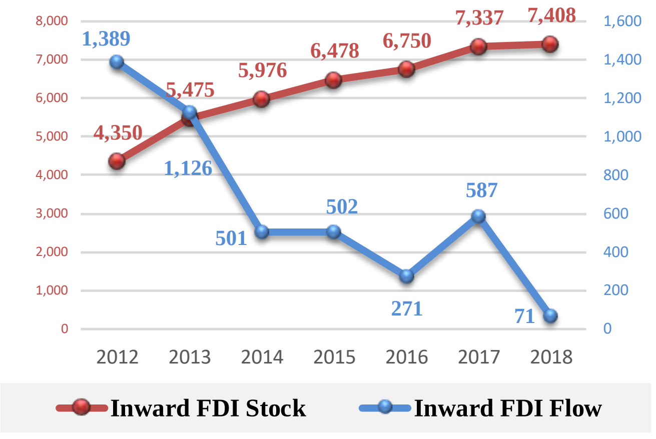
Overall Performance and Position in DIAI 2019

Mauritania

Economic Indicator	2019
Nominal GDP (Billions $)	5.6
Real GDP Growth (%)	6.4
GDP per Capita ($)	1,191.5
Inflation (average consumer prices)	3.9
Gov.Total Exp. Net Lending (% of GDP)	28.3
Current Account Balance (Billions $)	-1.0
Current Account Balance (% of GDP)	-17.1
Exports of Goods & Services (Billions $)	2.3
Imports of Goods & Services (Billions $)	3.4
Gross Official Reserves (Billions $)	1.1
Total reserves in months of imports	3.8
Total Gross External Debt (% of GDP)	60.6
Population (Millions $)	4.7
Unemployment (% of total labor force)	--

Source: International Monetary Fund (IMF-April-2019)

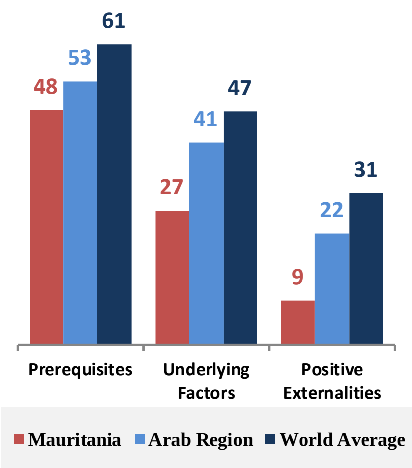
FDI Flow & Stock ($ Milion)



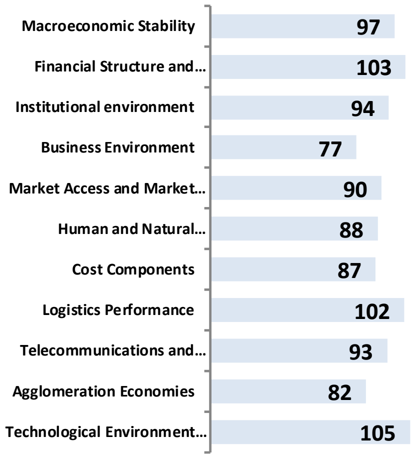
Source: UNCTAD (WIR2019)

Performance in Dhaman Investment Attractiveness Index (DIAI) 2019

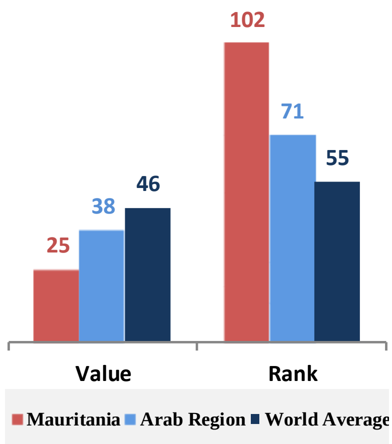
Performance in DIAI's three main Axies



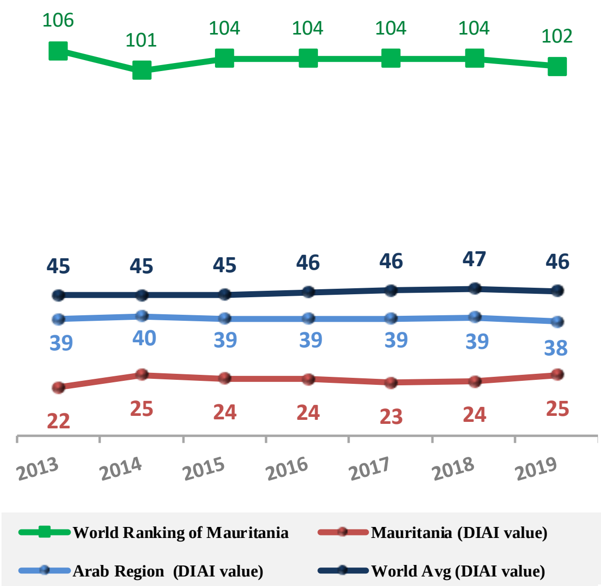
World Ranking in Sub-Indicators



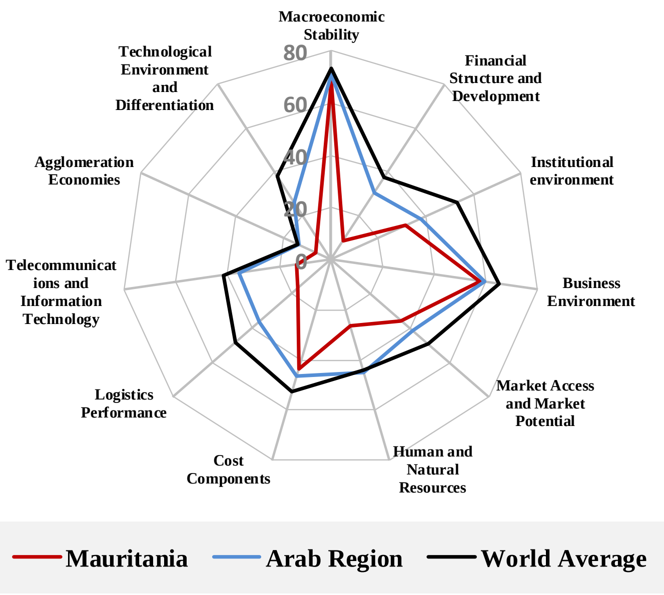
Performance in DIAI



DIAI Evolution



Performance in (DIAI) 2019



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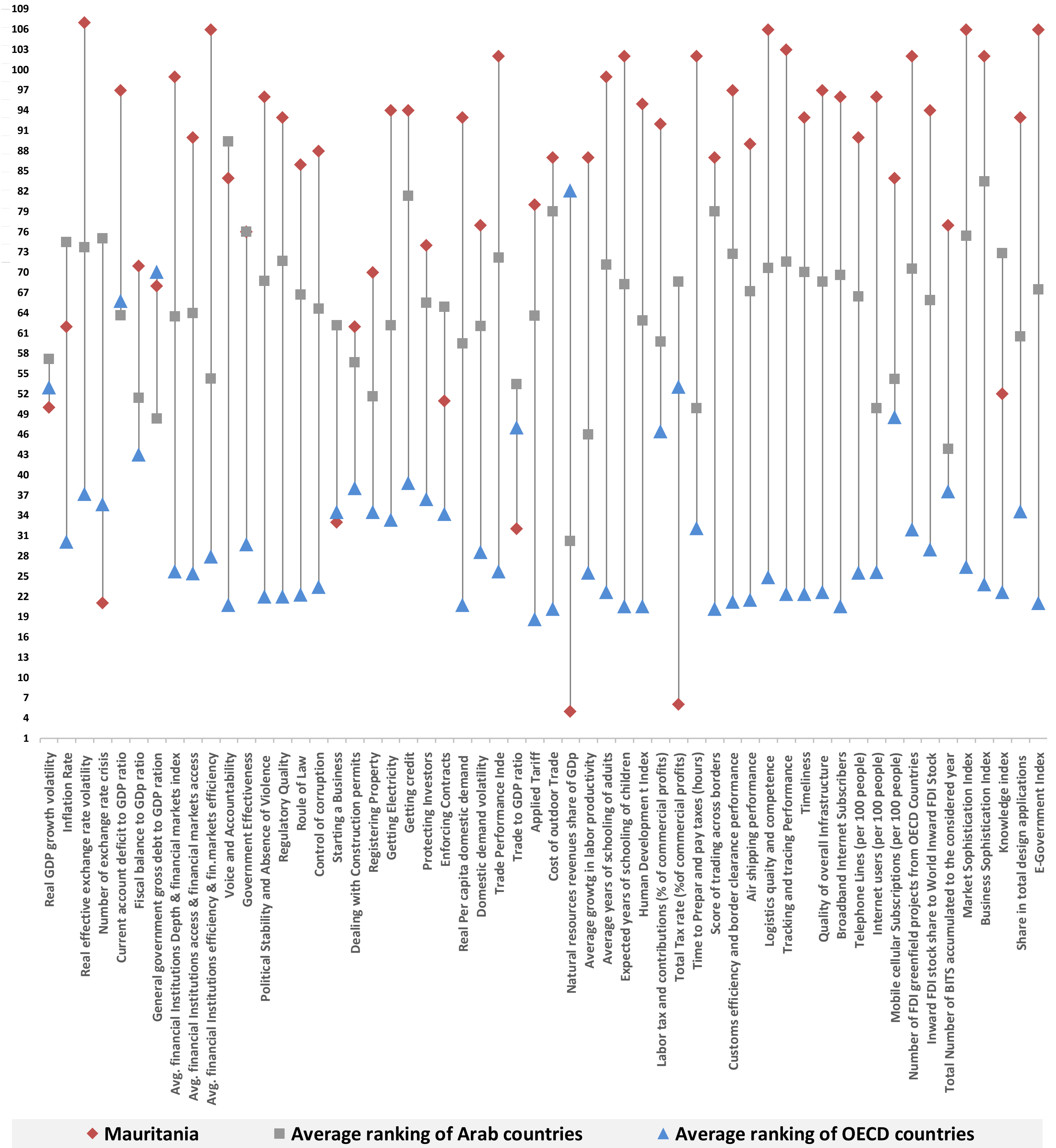


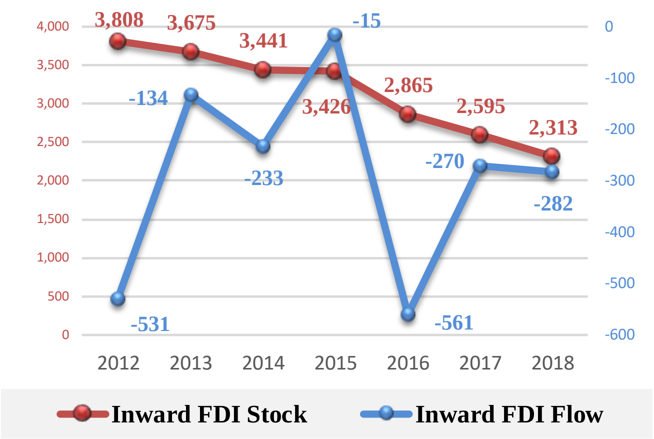
Overall Performance and Position in DIAI 2019

Yemen

Economic Indicator	2019
Nominal GDP (Billions $)	29.1
Real GDP Growth (%)	2.1
GDP per Capita ($)	918.8
Inflation (average consumer prices)	20.0
Gov.Total Exp. Net Lending (% of GDP)	8.4
Current Account Balance (Billions $)	0.2
Current Account Balance (% of GDP)	0.7
Exports of Goods & Services (Billions $)	1.2
Imports of Goods & Services (Billions $)	6.9
Gross Official Reserves (Billions $)	1.0
Total reserves in months of imports	1.6
Total Gross External Debt (% of GDP)	18.1
Population (Millions $)	31.6
Unemployment (% of total labor force)	--

Source: International Monetary Fund (IMF-April-2019)

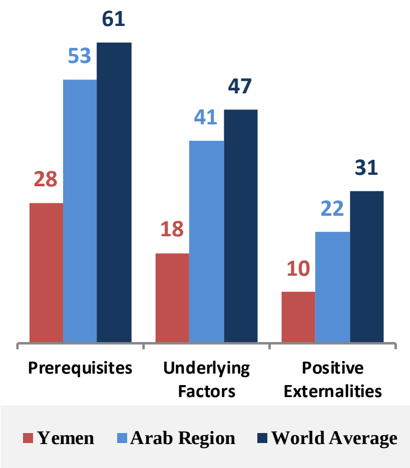
FDI Flow & Stock ($ Milion)



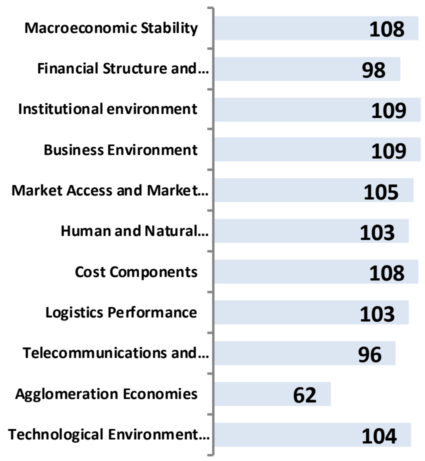
Source: UNCTAD (WIR2019)

Performance in Dhaman Investment Attractiveness Index (DIAI) 2019

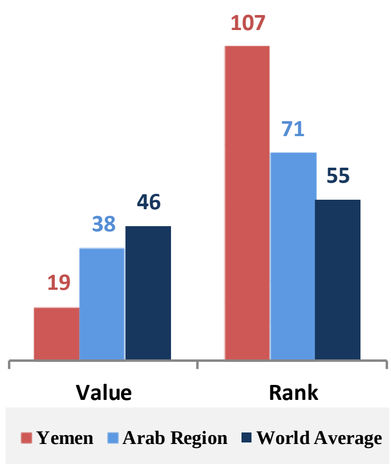
Performance in DIAI's three main Axies



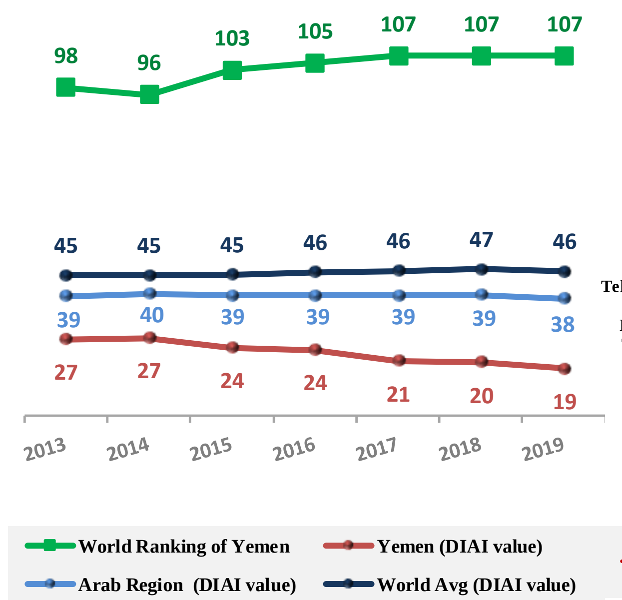
World Ranking in Sub-Indicators



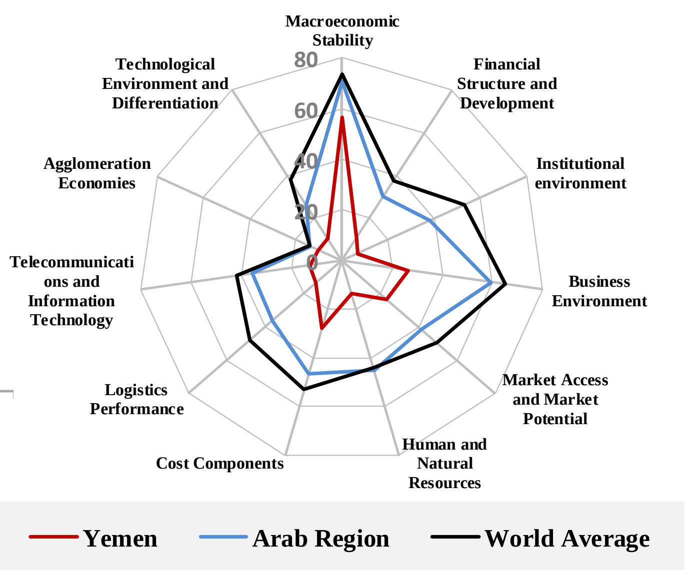
Performance in DIAI



DIAI Evolution



Performance in (DIAI) 2019



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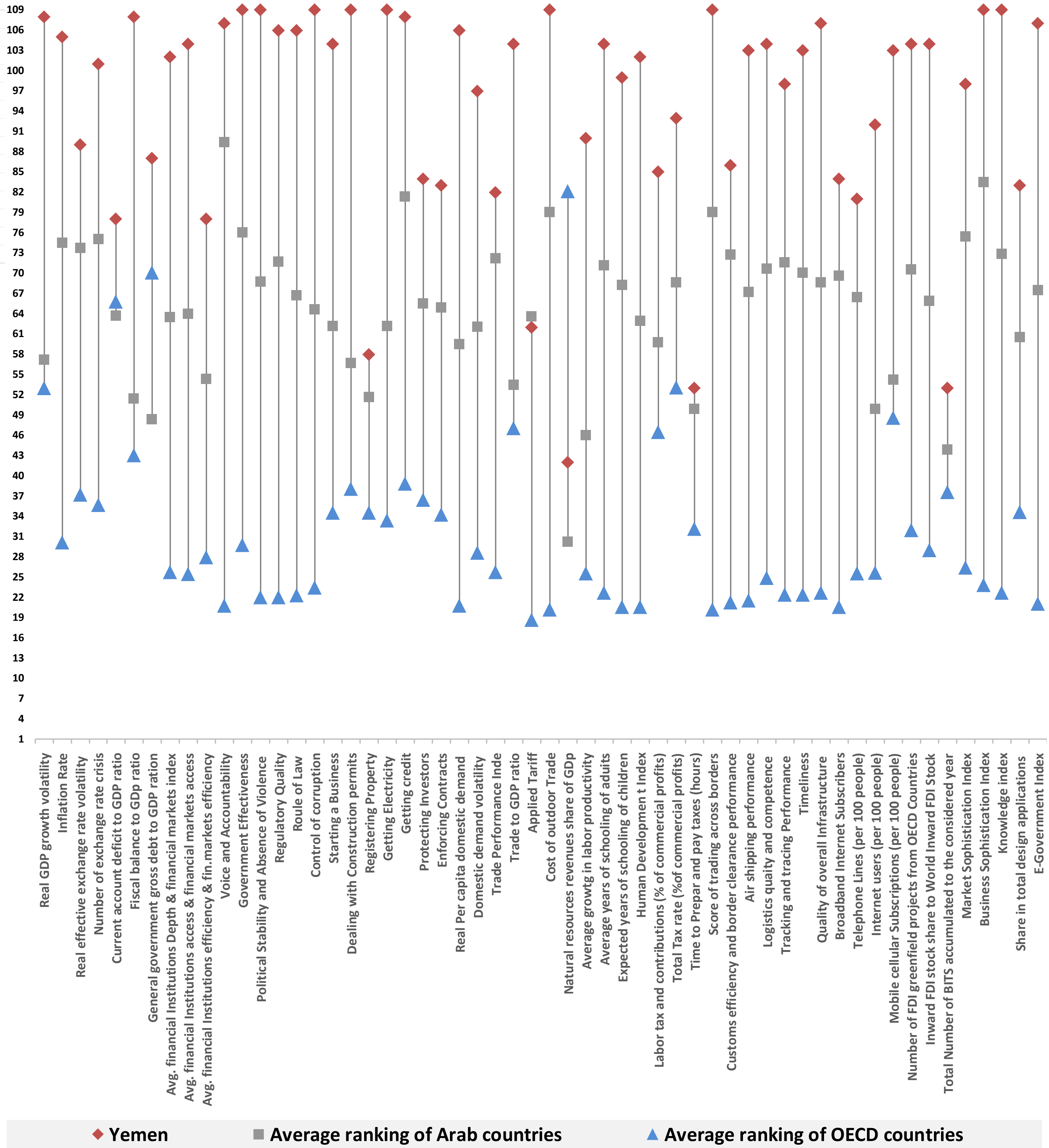

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