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THE INVESTMENT MAP IN THE ARAB REGION FOR 2017: CHALLENGES AND PROMISING OPPORTUNITIES

UNION OF ARAB CHAMBERS

The Investment Map in the Arab Region for 2017
Challenges and Promising Opportunities

Union of Arab Chambers

September 2017

Introduction

We have the pleasure to publish this study on “**The investment Map in the Arab Region for 2017: Challenges and Promising Opportunities**” that aims at shedding light on many promising areas for investment. It also looks into the progress and development needs in order to overcome difficulties and fill gaps, and to build on existing potential depending on available capacities and resources and on comparative advantages.

The study reviews, through an in-depth analysis, the investment status in the Arab region, and the challenges encountered by the private sector in the business environment, as well as the transformations that ought to be made in the investment policies and reform programs. It also looks in detail into the investment climate and opportunities in all Arab countries, in terms of strengths and weaknesses, and into the development needs. At the same time, the study identifies the promising sectorial opportunities for each country, within ambitious visions and field developments, to attract investments in various sectors, as reflected in the statistics until 2016, depending on the specificities and preferences of each Arab country. It appears that the Arab region abounds with exceptional investment opportunities with high economic feasibility if well exploited, despite the tough and much complicated circumstances that many Arab countries are going through, and that affect all countries in the region.

We hope that this contribution, prepared by the Economic Research department, would raise the interest it deserves from the decision- makers among high level officials involved in investments and major leaders and figures from the private sector.

Senator Nael Raja Al-Kabariti
President of the Union of Arab Chambers

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The Investment Map in the Arab region for 2017
Challenges and Promising Opportunities

I- Challenges related to investments migration

The Investments migration and the decreasing flow of foreign investments to the Arab region represent the challenges that Arab economies face in light of the much complex conditions the region is actually going through. Indeed, capitals are the nerve of investment and economy, and the main pillar of development and progress while any decline thereof would disrupt development plans, increase unemployment rates, and widen the economic, scientific and technological gap.

The UNCTAD Report on Global Investment for 2017 shows that Foreign Direct Investments flows to Arab countries have increased by 25% from $US 24,6 billion in 2015 to $US 30,8 billion in 2016, not even reaching one third of its 2008 level when they amounted to $US 96.3 billion. In 2016, the investments flowing to Arab countries represented 1,8% of the world total of $US 1774 billion. The Report observed that the incoming investments are concentrated in few Arab countries, as the UAE, Egypt and KSA attracted 80% of the total investments.

II- The business environment

The World Bank report on business performance shows that the majority of the Arab countries need many reforms in their business environment. In fact, the Arab countries group ranks 124th among 190 countries in terms of the ease for doing business. It also reveals big disparities between Arab countries with regards to the investment environment, whereby the UAE enjoys one of the best investment favorable environments and ranks 26th worldwide, followed by Bahrain in the 63rd position, then Oman ranking 66th, Morocco 68th and Tunisia 77th.

When reviewing the indicators for the ease of doing business, for getting a construction permit, electricity, property registration, access to funding, and for protecting small investors, and with regards to easy tax payment, cross-border trade, and all matters related to contract execution and company liquidation, it appears that the problem of access to funding is the major hurdle encountered by the private sector in the Arab region. Restrictions on cross-border trade and on company liquidation tie for the second place while the weakness of systems that ensure the protection of small investors comes third.

Indicators vary between the countries and within the same country, as UAE and Qatar rank first worldwide with regards to the ease of tax payment while gaps for the UAE are found at the level of company liquidation and access to funding, and for Qatar at the level of small investors protection, access to funding, cross-border trade, contracts execution and companies liquidation. Jordan ranks first among the Arab countries in terms of the ease of cross-border trade thanks to the important reforms recently initiated, while it faces some gaps in access to funding, obtaining of permits and starting a business.

III- Towards a radical rethinking of investment policies

All of the above mentioned indicators require a radical rethinking in order to change this reality and attract migrant capitals and foreign investments, especially with many Arab countries seeking now to further open their markets to investments, and to amend their policies and laws so as to gain the trust of both local and foreign investors.

It is of paramount importance to review investments incentives and benefits granted by Arab countries to their citizens and foreigners, which entails putting them in harmony and equality with those granted by other countries that attract international investments. This endeavor requires a reckless pursuit to improve the environment climate in Arab countries, to achieve openness and to overcome the inter-Arab trade impediments in the light of the need to invest in open economies.

Local, Arab and foreign investors need to see several main factors in place in the countries they wish to invest in and that need to be highlighted. Most importantly:

1. **Security and political stability**

2. **Legislative stability and provision of appropriate incentives** in sectors that represent a priority for development. It is important that different supporting and facilitating factors be available in order to make the most of the available incentives. We note for example that tax exemptions granted for many years to investment projects in a region are useless, if the investor has to spend long years to obtain the necessary permits and authorizations.

3. **A serious economic vision,** and more importantly this vision should be realistic, clear, achievable and time-bound. It should also focus on the specificities and priorities of each Arab country.

4. The traditional **infrastructure** for electricity, water, transportation, communication and fleets for land, sea and air transport, as well as modern and advanced IT infrastructure that meets the needs of development and of the knowledge economy, and putting them at the disposal of the investors at moderate prices in order for profitable investments to start yielding fruits at competitive prices.

5. **A stable financial environment** and a major factor for stability would be to achieve low inflation rates, which entails a reduction of the financial deficit. Indeed, low inflation allows for low interests that facilitate granting credits to the private sector, and for stable exchange rates and predictable operational costs.
6. **Liberalization of markets**, including the labor market that is under very strict restrictions, especially in the Gulf countries, which represents a major hindrance to investment.

7. **Trust building** through transparency in public spending, as in banking transactions and companies operations. Investors mainly fear to appear as ignorant with regards to what is really happening in the country where they invest their money, and to the real financial situation. Trust ensues from transparency as well as from honest and clear information and accurate statistics.

On another hand, transparency requires fighting corruption, reducing bureaucracy, initiating administrative reform and abiding by ownership rights embedded in clear laws.

8. **Freedom of funds transfer** and absence of restrictions on currencies exchange, otherwise it would represent a deterrent and expelling factor for foreign, and even, local companies.

9. **Modernizing education and strengthening science and technology structure** to cope with the evolvement and need of the labor markets, and to create the environment that reduces the brain drain, especially that the Arab region contributes to one third of this brain drain in the developing countries. Thus, it is important to encourage Arab researchers and improve their living standards, as well as to make the most from the Arab brains among the diaspora as a prelude to build the critical mass because countries are not measured anymore by their resources but rather by their knowledge level. This should go hand in hand with developing the infrastructure, strengthening the contribution of the private sector through spending on scientific research, guiding research to deal with problems encountered by the private sector and sustainable development projects.

10. **Creating a competitive economic and trade environment,** and all what it entails in terms of free competition components, removal of obstacles to import and export, modernization of operations and procedures based on automation and computing.

11. **Economic diversification** in order to promote investment opportunities and areas, draft clear privatization programs, in both oil producing or non-producing countries that also depend on limited resources.

12. **Dealing with the funding gap,** be it at the national level or through a joint Arab approach, in particular by establishing mechanisms to encourage the investment

of liquidity available in Arab banks in projects related to sustainable development and knowledge economy.

13. **Focusing on attracting Arab investments,** knowing that several Arab countries are among the major investment exporters in the world. Indeed, the Arab investments abroad are estimated at more than $US 200 trillion, and if only a slight share thereof is invested in the Arab region, development level would reach unprecedented levels.

14. **Looking into the joint Arab development priorities** through projects that aim at the following:
    - **Create job opportunities for young people,** guide them to find new job opportunities in the various walks of life, ensure gender equality and economically empower women while granting them the necessary legislative rights.
    - **Encourage emerging companies to invest in the fourth industrial revolution related projects.**
    - **Protect the environment,** promote investments in projects that protect and develop the environment and ensure the sustainability of resources, knowing that high costs ensued by environmental degradation. The total GDP is estimated to vary between 3,4% in Jordan and 5,4% in Egypt.
    - **Provide the appropriate incentives to invest in sustainable food security and water security,** especially that the cost of ignoring such an area would be exorbitant, given the aggravation of the water scarcity issue in the Arab region that affects around 61% of the Arab GDP.
    - **Promote investments in renewable energy, green industries and sustainable transportation**.

IV- Reforms do not afford delays

The Arab region needs to achieve further developments in the business environment so it could become more open, attractive and integrated. This requires a modern legislative infrastructure, technical and scientific expertise as well as trained and competent human resources. The role of the private sector should also be strengthened through creating the favorable investment climate and activating the public private partnership.

It is true that reforms would take some time before they reap their fruits. Attracting investments and creating jobs is not either an easy task in a region that witnesses mounting challenges due to conflicts raging in some Arab countries, the effects of decreasing oil prices and the sluggish world economy. However, delaying reforms would make their implementation even harder in the future.

Therefore, all the countries of the region should strive to empower the private sector so it can upgrade its investment role, reduce economic uncertainties through ensuring stable macroeconomic conditions, improve and streamline the regulatory environment for investment. They also ought to set up more efficient administrative procedures, enhance opportunities to access funding, remove restrictions on trade as to facilitate integration in world value chains and provide a greater diversity in exports. This would strengthen governance and transparency; develop education and training systems so as to pave the way to a workforce competent enough to work in the private sector.

V- Investment environment and opportunities by countries

Investing in Jordan
Trade, renewable energy, pharmacy and tourism

Investment environment:

Jordan has an open economy based on an encouraging investment and trade environment, appropriate skills and a modern infrastructure which allows it to move forward to become a knowledge economy. Jordan abounds with investment advantages, in addition to laws promoting investment together with low risks thanks to security and political stability. It also benefits from low operating costs, especially skilled workforce.

Indeed, various sectors provide several benefits like exempting investments in the agricultural sector from revenue taxes, exempting the renewable energy revenues from custom fees as well as other benefits granted to investment in the sectors of pharmaceuticals, health, transport, information technology, communication and tourism. The government has been recently focusing on providing more facilities through activating the investment window, removing the barriers to investment and simplifying the ownership procedures for foreign investors.

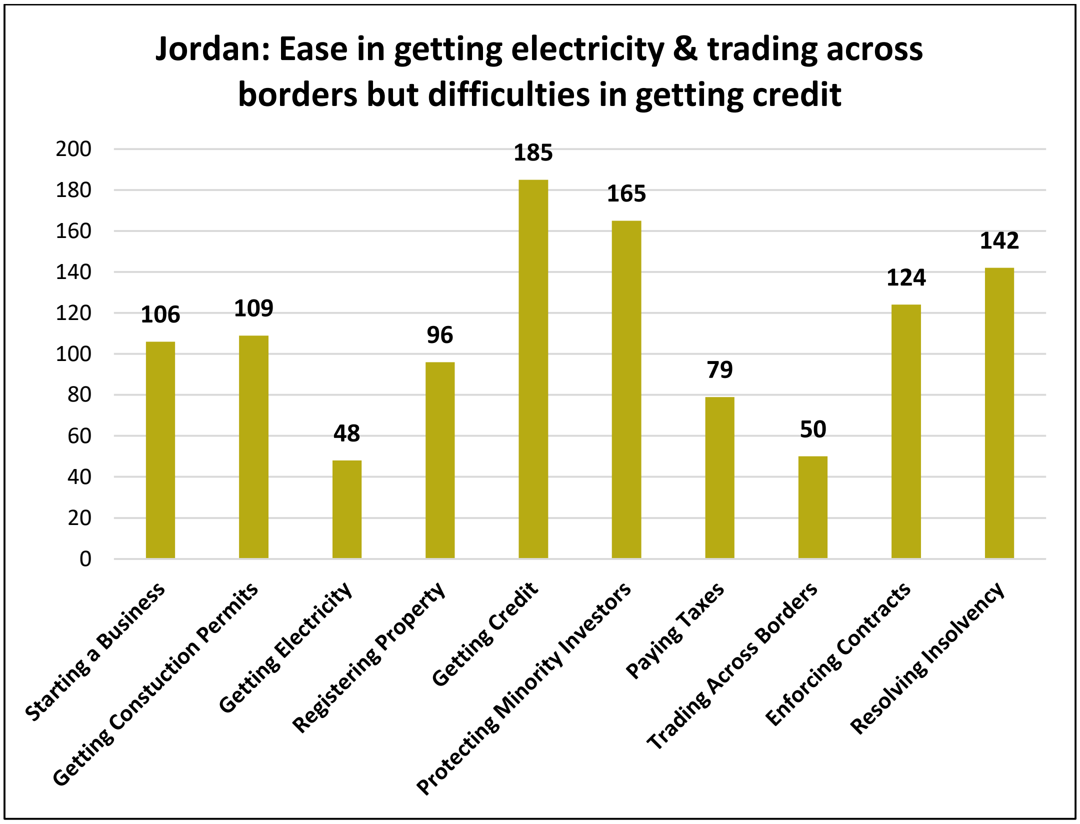
Despite the adverse effects of external shocks that led to the semi-closing of Syria's and Iraq's markets, with the Syrian refugees crisis, the economy in Jordan showed some progress in the first half of 2017 thanks to the recovery of exports, tourism revenues and remittances compared to 2016. It is expected that the total GDP registers a real growth by 2.3% in 2017, and that the inflation rate stabilizes at 2.5% by the end of the same year. A gradual decrease is also projected in the current deficit backed by structural reforms and fiscal cohesion.

Ease of cross-border trade:

Jordan ranked first in the Arab region and 50^{th} worldwide in the area of cross-border trade facilitation among 190 countries in the world. Indeed, cross-border trade became easier with swifter customs procedures and better use of the one stop shop, while Customs and port infrastructure was improved in Aqaba. The tax payment process was also facilitated.

In 2017, the Customs Department launched a strategic plan for 2017-2019 aiming at placing Jordan among the 20 top countries in the world in terms of cross-border trade security and facilitation, within Jordan's vision 2025 and all related national programs. The plan is underpinned by eight objectives articulated around facilitating the Customs clearance procedures, increasing the institutional performance and capacities effectiveness, raising financial revenues, upgrading collection efficiency, improving beneficiaries' satisfaction, strengthening corporate social responsibility, developing fact-finding processes, risks management, improving customs operations in control and supervision and promoting environmental sustainability. The plan shall be implemented through a series of initiatives mainly focused on cooperation with all partners in the public and private sectors, as well as on service providers, continuous improvement, follow up of the performance assessment and reliance on IT and communications. This will contribute to reinforcing the competitiveness of the Jordanian economy while facilitating the trade exchange movement and consolidating the trust of all individuals engaging in business with the Customs administration and staff.

Jordan's ranking in the World Bank indicators for ease of doing business for 2017 among 190 countries



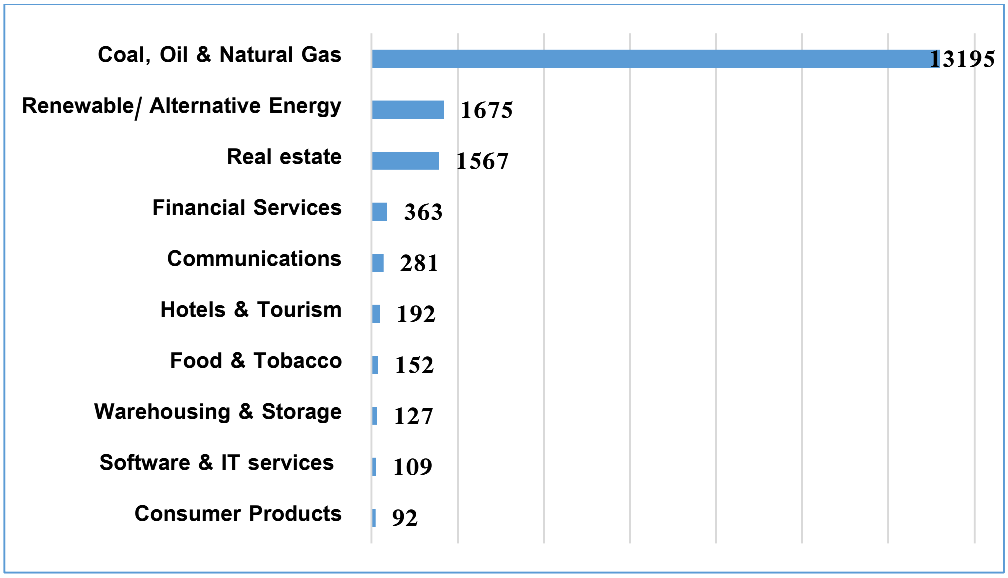
Source: World Bank Doing Business 2017

Main sectors for investment:

The renewable energy sector is now taking the lead in attracting foreign direct investments after the traditional energy sector, alongside the real estate, financial services and communication sectors. There are major investment opportunities in the sectors of construction materials, chemical and pharmaceutical products, minerals as well as the hotels and tourism sector, the textile industries, the treatment industries and medical devices, crafts industries and other areas.

Here below are the top 10 sectors that attracted foreign direct investments during the period 2012-2016.

Jordan: Foreign direct investments according to the top 10 sectors (US$m)



Source: Fdi markets

Major countries investing in Jordan 2012-2016

Country	fdi (US$m)	Number of projects	Number of companies
Russia	10032	3	3
Malaysia	1600	1	1
Egypt	1129	1	1
South Korea	971	3	2
UAE	764	17	12
Estonia	750	1	1
Italy	443	3	3
Portugal	439	2	1
KSA	250	3	2
France	227	4	4
Other	1359	50	40
Total	**17963**	**88**	**70**

Ibid.

Development needs:

It is important in the next stage to revise the tax system in order to reduce charges on the business sectors, and to streamline laws and legislations related to investment while focusing on the following:

- Strengthen the finance mechanisms for small and medium enterprises.
- Set the legislations aiming at protecting small investors.
- Simplify and streamline the legislations related to companies' liquidation.
- Reinforce the legal environment to ensure the smooth execution of contracts

United Arab Emirates: Real estate, transport, renewable energy and tourism

Promising sectors:

The real estate sector is still the main driver of the economy, especially in the Emirate of Dubai. There are other important sectors, like the transport sector that is growing at a record pace, thanks to the actual efforts aiming at developing the infrastructure and the railways networks. As well as the renewable and alternative energy sector, in particular solar energy, travel and tourism, education and processing industries.

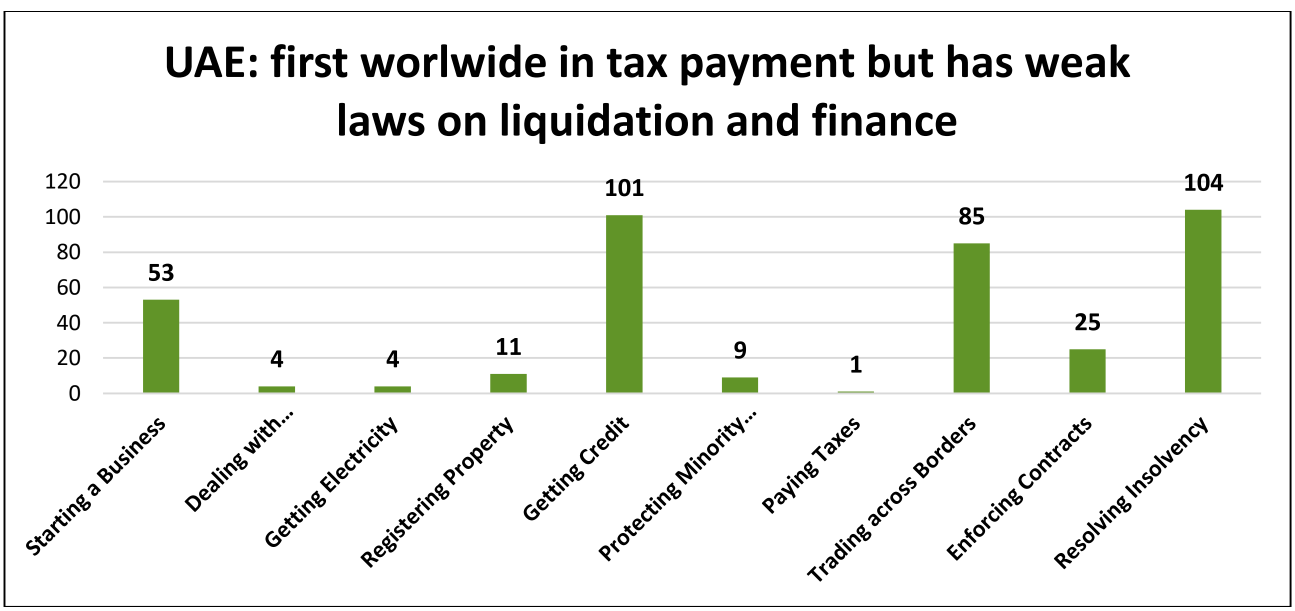
UAE are perceived as a global hub for attracting foreign investments in light of the considerable progress achieved in the investment environment. Most of the foreign direct investments focus on the oil sectors, as well as on water and electricity production, alongside the logistics sector that is growing at an intensive speed, after UAE were selected for hosting the Expo 2020 event.

No doubt that the progress achieved in diversifying the economy and reducing dependency on oil as the main income source open wide the door to investments in various sectors, especially that no efforts are being spared to strengthen the legislative framework in order to facilitate business and meet the modern economy requirements. Indeed, a new law on investment is expected to be issued soon, thus granting foreign investors full ownership rights in specific sectors. This initiative reinforces the open policy adopted by the UAE with regards to foreign investments, and provides more incentives and facilities to both Arab and foreign investors. According to official sources, this new law would create many investment opportunities for the private sector in the coming years, in particular in industrial sectors.

Business environment:

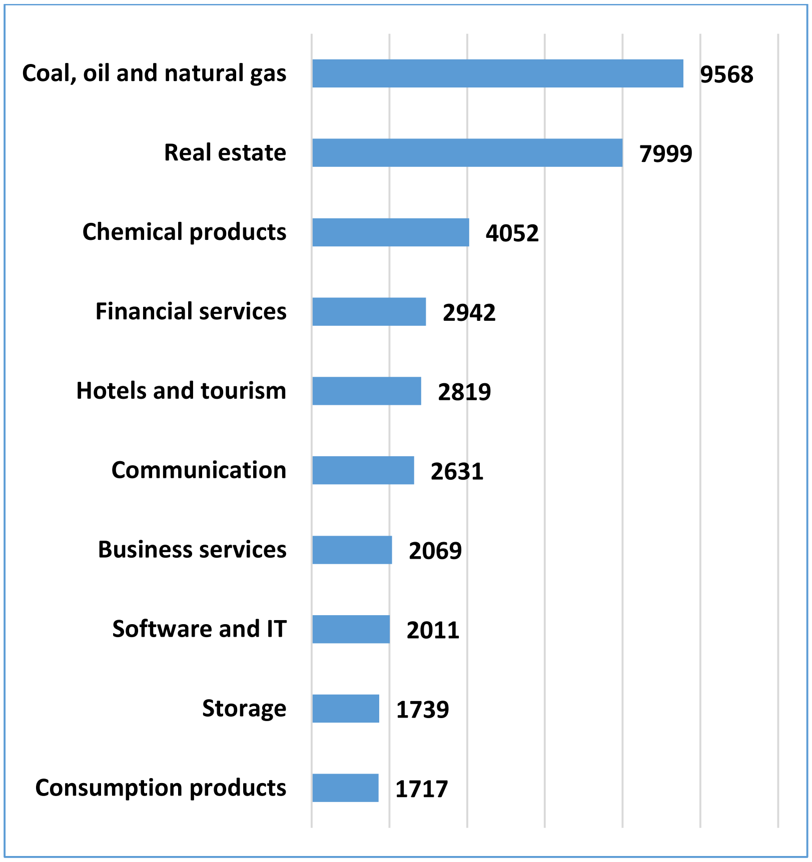
The UAE enjoy an exceptional and smooth tax system, as personal and commercial taxes are either insignificant or nonexistent while profits and capitals are transferred freely with no restrictions whatsoever. According to the World Bank, the UAE rank first in the Arab region and 26th worldwide with regards to business environment. Moreover, foreign investors can conduct any commercial business, except for few activities like importing labor force par example. The Emirates also enjoy a developed economic legislative environment, as well as a top-notch logistics infrastructure, in addition to electronic and smart administrative services. Thus, they have become a world destination for major global companies and for all individuals seeking both investment and job opportunities.

United Arab Emirates' ranking in the World Bank indicators for ease of doing business for 2017 among 190 countries



Source: World Bank Doing Business 2017

United Arab Emirates: Foreign Direct Investments by the 10 top sectors (US$ million)



Source: Fdi markets

Strategy 2021

The UAE set up a roadmap to pave the way to the "post oil" economy that aims at strengthening innovation and knowledge economy, and at reducing the contribution of oil revenues to the GDP in 2021 from an actual 30% to 20%, while the economic revenues coming from other fifteen sectors will increase. The contribution of processing industries is expected to rise to around 15% in 2021 for 8,7% in 2014. This sector will be at the core of development, alongside four other sectors: transport and storing, transportations, financial services and agriculture.

Free zones:

There are several specialized free economic and industrial zones, most famous being Jabal Ali in Dubai, with Khalifa Industrial Zone in Abu Dhabi (KIZAD), as well as many other industrial zones in the remaining Emirates. It is worth in this regard noting that the Higher Corporation for Specialized Economic Zones is the major operator of the free zones in the UAE.

Major countries investing in the UAE, 2012-2016

Country	fdi (US$m)	Nb of projects	Nb of companies
India	12635	137	124
United States	5861	373	340
United Kingdom	3384	259	237
China	3317	34	27
KSA	2743	22	21
Japan	2585	43	43
France	2057	90	80
Germany	1984	96	82
Netherlands	1552	34	33
Canada	1320	26	25
Other	11390	505	463
Total	**48827**	**1619**	**1481**

Ibid.

Areas needing reforms

It is of paramount importance that initiatives continue to be launched with a view to improve the business climate and the competitiveness of the economy, as well as to scale up investment opportunities in order to attract more direct foreign investments and contribute to the diversification of the economy and the income sources. Moreover, improving access to finance for Small and Medium Enterprises would strengthen entrepreneurship and create more job opportunities in the private sector. More efforts are also needed to encourage innovation, improve the quality of education and health services so as to cultivate the skills and take productivity up to sought after levels.

Bahrain
Financial services, communication and tourism

Promising components:

Bahrain has all the required components for investment in terms of modern infrastructure and up to date work legislations. The Bahrain's economic vision for 2030 is rich of opportunities that aim at improving the competitiveness of the economy and creating new job opportunities. The Economic Development Board of Bahrain is the authority in charge of attracting foreign investments as it strives to support initiatives that contribute to the upgrading of the investment climate. The Board focuses its interest on some main sectors that feature comparative advantages like financial services, processing industries, IT and communication, tourism, logistics and transport.

Moreover, the local, Arab and foreign private sectors can benefit from many available opportunities in Bahrain, given that the government is now implementing several major projects for a total value of $US 32 billion. Among these projects, it is worth mentioning the Line 6 Expansion project of ALBA (Aluminum Bahrain), a new power plant, Bahrain International Airport expansion project and Banagas new gas plant. All these projects would contribute to the ongoing growth of the non-oil sector by a minimum of 3% in 2017.

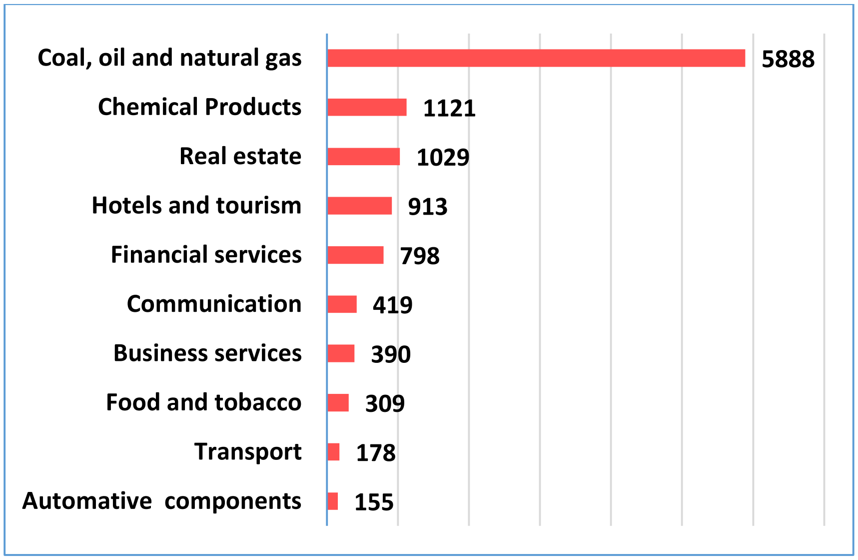
Vital sectors:

- **Financial services:** Bahrain is considered a world banking hub thanks to its regulatory laws and legislations that succeeded in attracting more than 400 banks and financial institutions.
- **The Industrial sector:** there are more than 10 industrial zones in Bahrain that provide all basic services like roads, electricity, sanitation, water and

communication. These projects also benefit from tax exemptions on capitals, raw materials, production inputs as well as low electricity tariffs.

- **Real estate:** The alleviation of restrictions on ownership and residency in Bahrain has contributed to more investments being made in the real estate sector that remains a top destination for investments in the Kingdom.
- **Logistics:** Bahrain is endowed with several advantages that have encouraged many global companies engaged in logistics business to establish branches therein. Indeed, the Kingdom benefits from a geographical proximity to the Gulf economies that are easily accessible, from modern infrastructure networks of roads as well as sea and air transport lines, preferential and free agreements with many countries around the world, in addition to a zone dedicated to logistics near the Port of Khalifa Ben Selman.
- **Start-ups:** In 2017, the "Bahrain Investment Market" was established under the Bahrain Bourse, so as to become an important window for start-ups and entrepreneurs to collect funding and attract investors without any complications or conditions for accessing the main market. Companies aiming at growing their business can also be listed in the market that provides a fast access to funding sources at a lower cost than the main market. This would encompass various sectors, like health, trade, industry and restaurants. Moreover, new companies can be listed at any chosen currency, and this opportunity is not limited to local companies alone but is also available to foreign ones.
- **Information Technology and Communication:** Bahrain ranks first in the Arab region and 29th worldwide in the ITC index, which makes it a central hub for investment in this vital sector.

Bahrain: Foreign Direct Investments by the 10 top sectors (US$m)



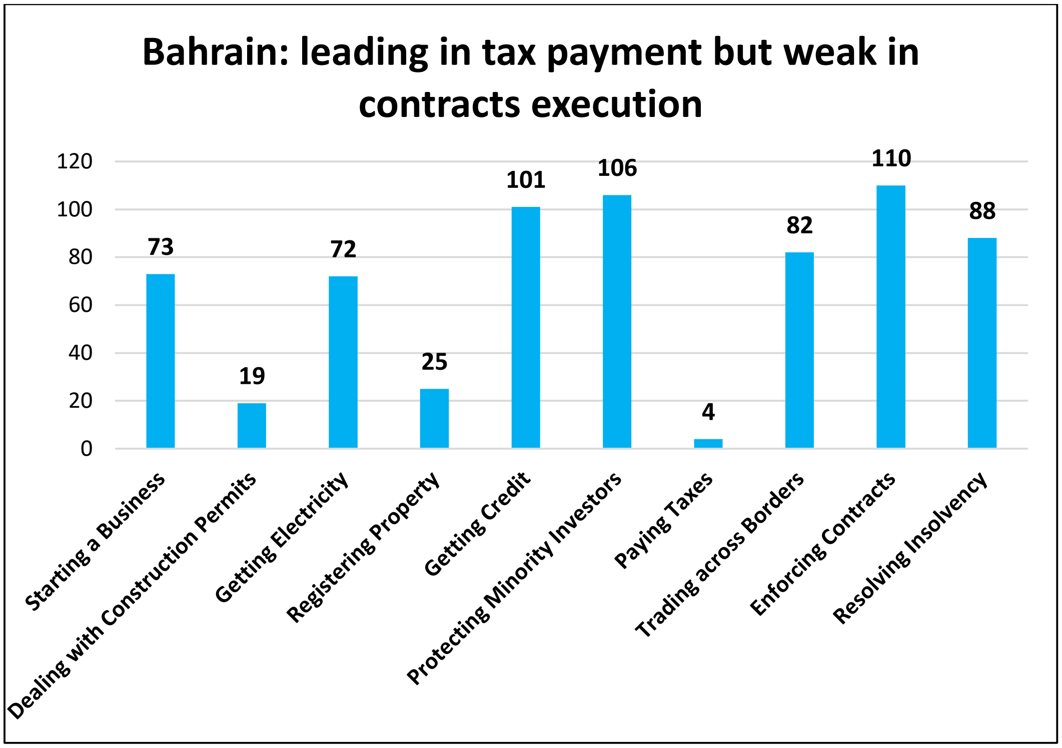
Source: Fdi markets

Major countries investing in Bahrain

Country	fdi (US$m)	Nb of projects	Nb of companies
UAE	4434	51	36
United Kingdom	2814	23	21
India	915	17	16
Bermuda	655	1	1
China	586	5	5
South Korea	564	2	2
USA	362	17	17
Kuwait	271	10	9
KSA	262	12	9
Hong Kong	230	2	2
Other	1006	66	53
Total	**12099**	**206**	**171**

Ibid.

Bahrain's ranking in the World Bank indicators for ease of doing business for 2017 among 190 countries



Source: Fdi Markets

Tunisia
Agriculture, tourism, communications and automotive components

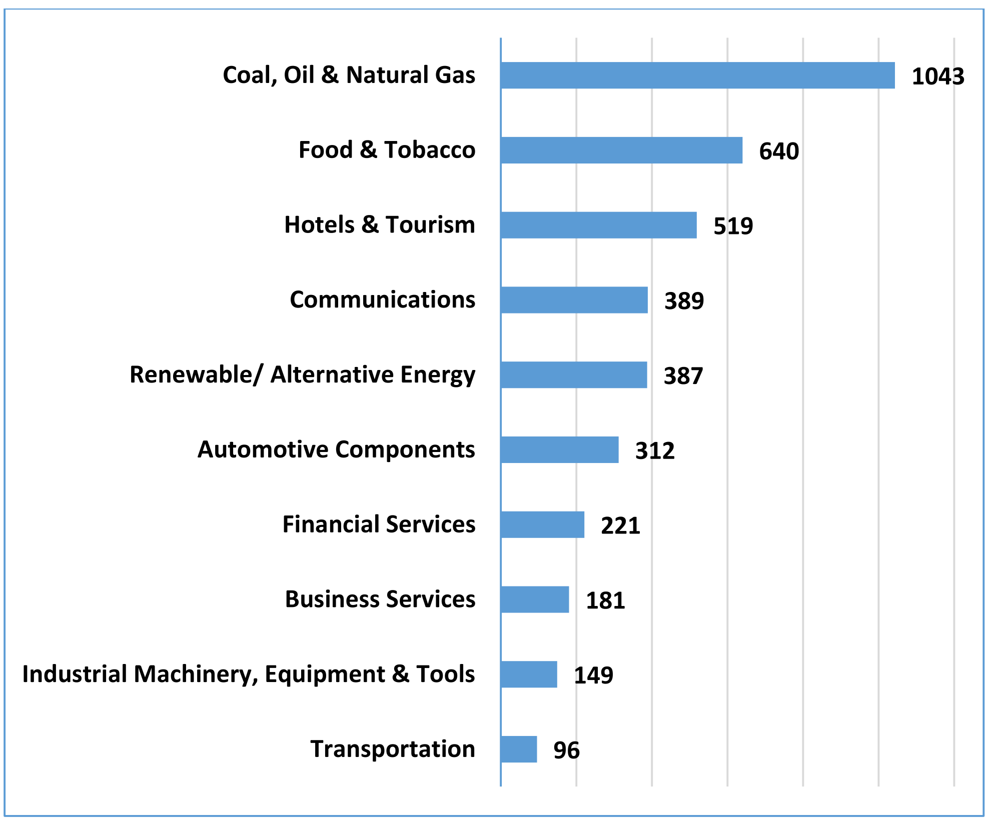
Tunisia 2020:

In 2016, Tunisia launched a five-year plan "Tunisia 2020" that aims at achieving an annual growth rate of more than 4% starting 2020. This plan stresses on promoting local and international investments and mobilizing around $US 60 billion worth of investments in the five next years, 40% of which being public sector projects. The plan includes pioneering projects in logistics so as to build ports, networks of roads, railways and infrastructure for commuting within and between cities, in addition to logistics zones for the digital economy. It also aims at carrying on the development of e-government, digital education, health, culture and business incubators for start-ups. The plan focuses on sectors related to cars and airplanes components manufacturing, textile and clothing, pharmaceuticals, food industries, in addition to tourism and green economy sectors that encompass renewable energy, organic agriculture as well as wastewater and waste recycling.

Investment areas:

The central areas for investment include sectors of agriculture and agro-industries, mechanical, electrical and electronic industries, airplanes parts manufacturing, plastics, textile and clothing, leathers and footwear, ITC and tourism.

FDIs for 2012-2016, by the 10 top sectors



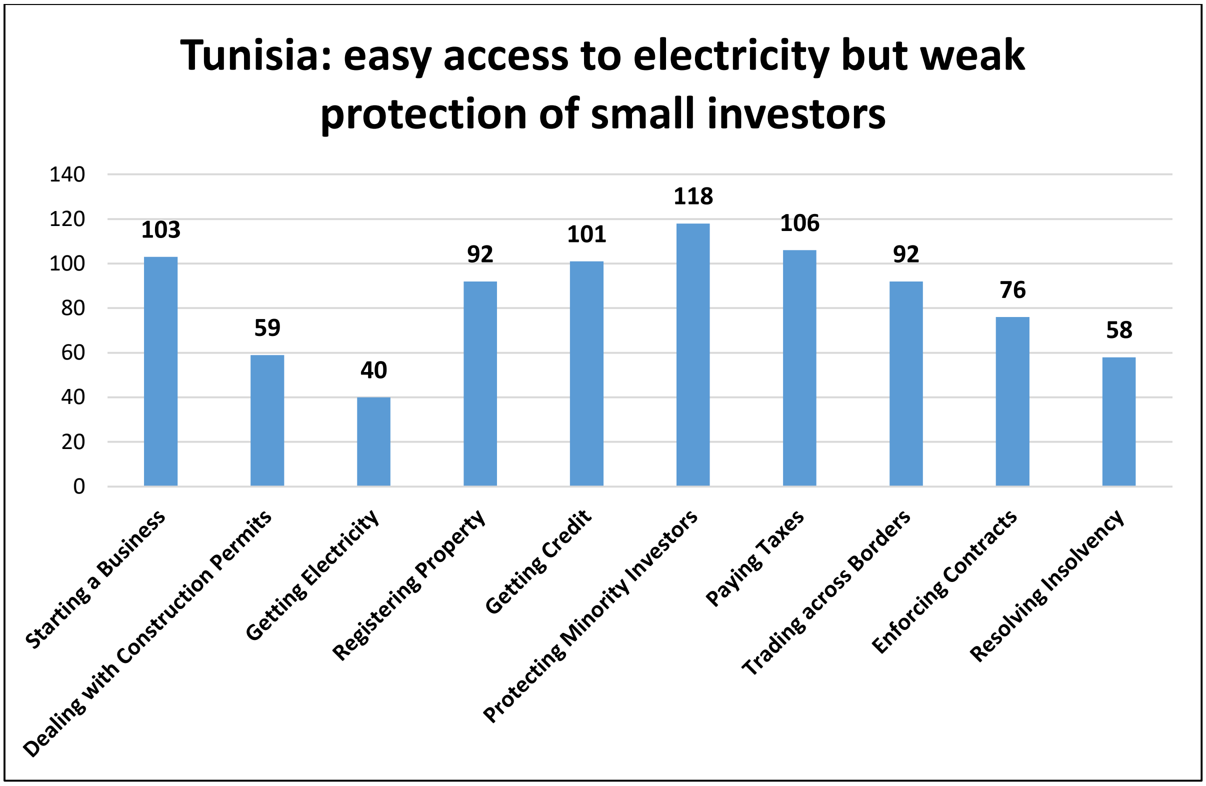
Source: Fdi markets

Major countries investing in Tunisia, 2012-2016

Country	fdi (US$m)	Nb of projects	Nb of companies
France	1227	23	22
Austria	988	3	3
Spain	438	7	7
USA	332	10	10
United Kingdom	299	7	6
Japan	228	1	1
Qatar	150	1	1
Thailand	130	1	1
Netherlands	89	3	3
Sweden	88	3	3
Other	470	35	35
Total	**4437**	**94**	**92**

Ibid.

Tunisia's ranking in the World Bank indicators for ease of doing business for 2017 among 190 countries



Source: World Bank Doing Business 2017

Algeria
Real estate, textile and automotive components

Priority sectors:

There are five priority sectors for investments: industry, tourism, agriculture, renewable energy and Information and Communication Technology. However, industry includes 15 strategic sectors being iron and steel, hydraulic plastics, electric and electronic appliances, chemicals, medicines, mechanics and automotive components, aerospace, ships building and repairing, advanced technology, food industries, textile, clothing and leather, timber and furniture and mines.

New investment facilities:

By the end of 2016, Algeria introduced new amendments to the investment law that included new facilities granted to foreign investments and joint ventures between the private and the public sectors. These amendments were on removing the obligations for foreign investors to submit the hard currency excess statement, and to be subjected to the national majority rule for foreign investments (49/51 percent) made before 2009 in case the commercial registry changes, and other restrictions.

Investment advantages:

Investment projects can benefit from tax exemptions and reductions, depending on the location of the investment activity and its impact on the socio-economic development.

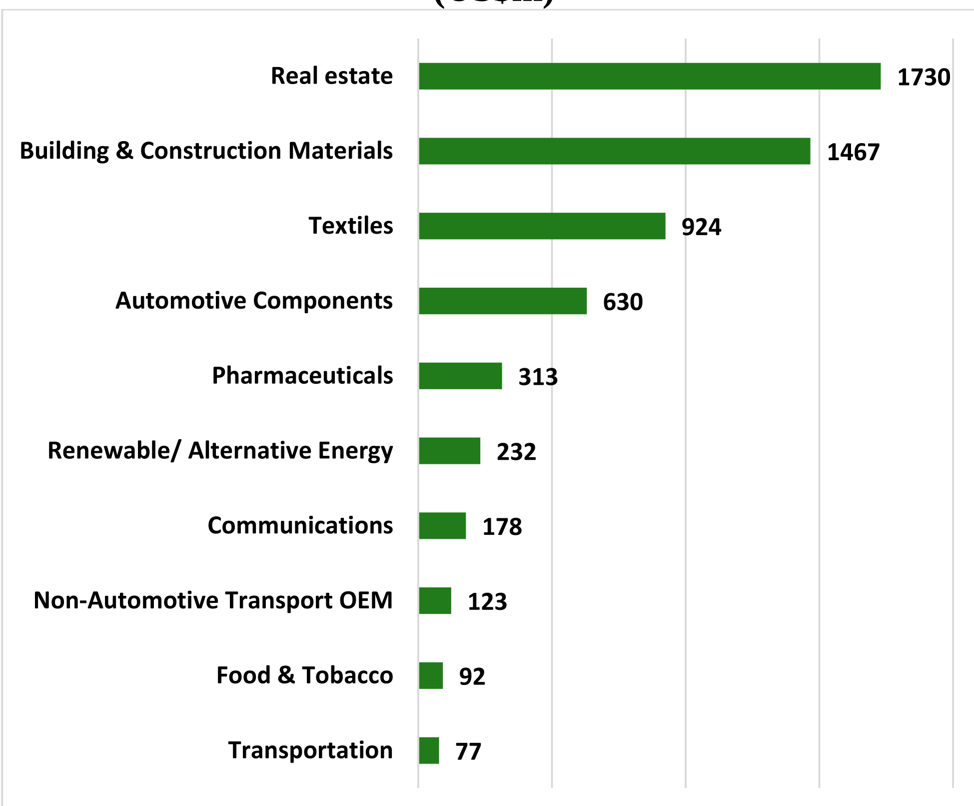
The National Agency for Investment Development sets three levels of privileges in general:

- **Common privileges for investment projects:** Privileges are granted according to investment zones and projects phases. In the Northern areas, the projects under implementation are exempted from customs fees on imported goods, from the Value added tax on goods and services and from the fees on ownership transfer and registration, in addition to a 90% reduction on annual rents of public property and a 10 years exemption from the real estate property fees. As for projects that create up to 100 job opportunities, they are exempted for 3 years from the profits tax, the professional activity fees and they benefit from a 50% reduction on annual rents of public property. Investments in the Southern areas and in high plateaus are also granted additional privileges in terms of the exemptions scope and duration.

- **Additional privileges for exceptional investment activities that create job opportunities**: they are granted to activities in the tourism, industrial and agricultural sectors. Projects that create more than 100 permanent job opportunities, and that are implemented in regions in need of development are also granted tax exemptions for five years during the period following their completion.

- **Exceptional privileges to investments of particular importance to the national economy:** They grant all common benefits related to the completion period in addition to exemptions from other tax withholdings. However, the duration of these advantages is extended during the exploitation phase which benefits from the added value fee applied to industrial activities for a maximum period of 5 years.

Foreign Direct Investments by the top 10 sectors, 2012-2016 (US$m)



Source: Fdi markets

Major countries investing in Algeria, 2012-2016

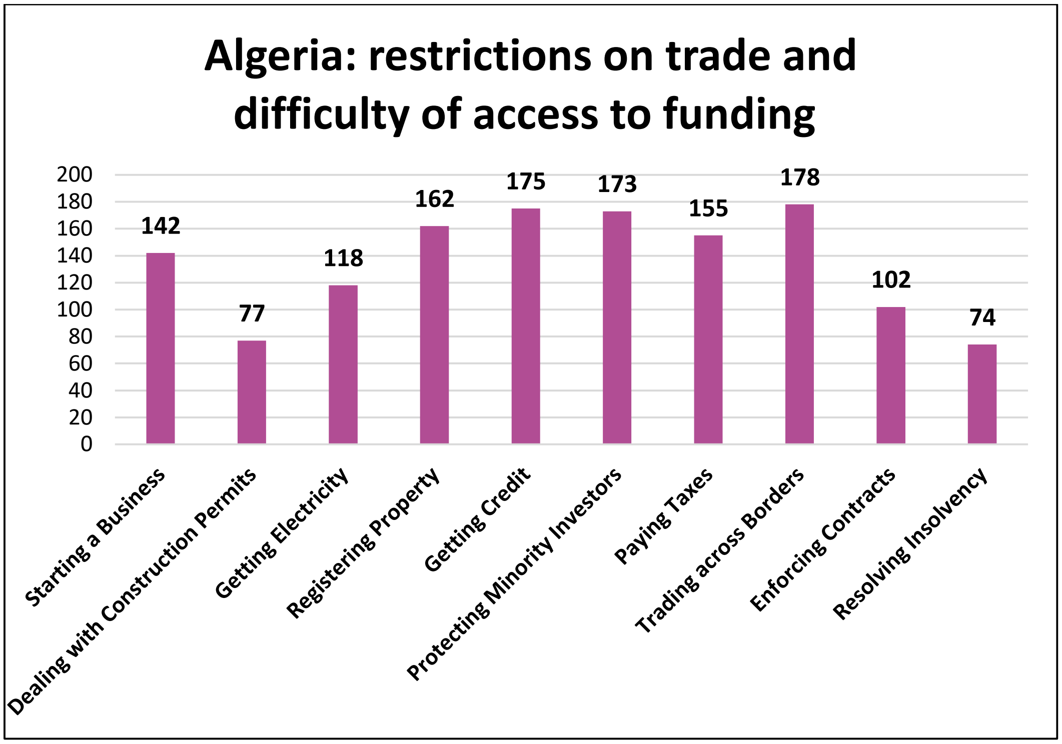
Country	fdi (US$m)	Nb of projects	Nb of companies
China	3509	6	6
Singapore	3151	3	1
Spain	2247	8	4
Qatar	2150	2	2
Turkey	1598	2	2
Germany	380	7	7
South Africa	350	1	1
Switzerland	293	3	3
France	268	10	8
United Kingdom	234	4	3
Other	1093	31	31
Total	**15273**	**77**	**68**

Ibid

Areas for future development

The following table shows Algeria's ranking according to the World Bank Doing Business index, from which the areas needing improvement emerge. The major areas by proportional order appear to be cross-border trade procedures, establishment of policies and mechanisms for financing facilities, drafting legislations that protect small investors, procedures for property registration and tax payment, procedures for starting a business especially for start-ups and providing electricity services for new projects, and other.

Algeria's ranking in the World Bank indicators for ease of doing business for 2017 among 190 countries



Source: World Bank Doing Business 2017

Djibouti
Ports, communications and transport network

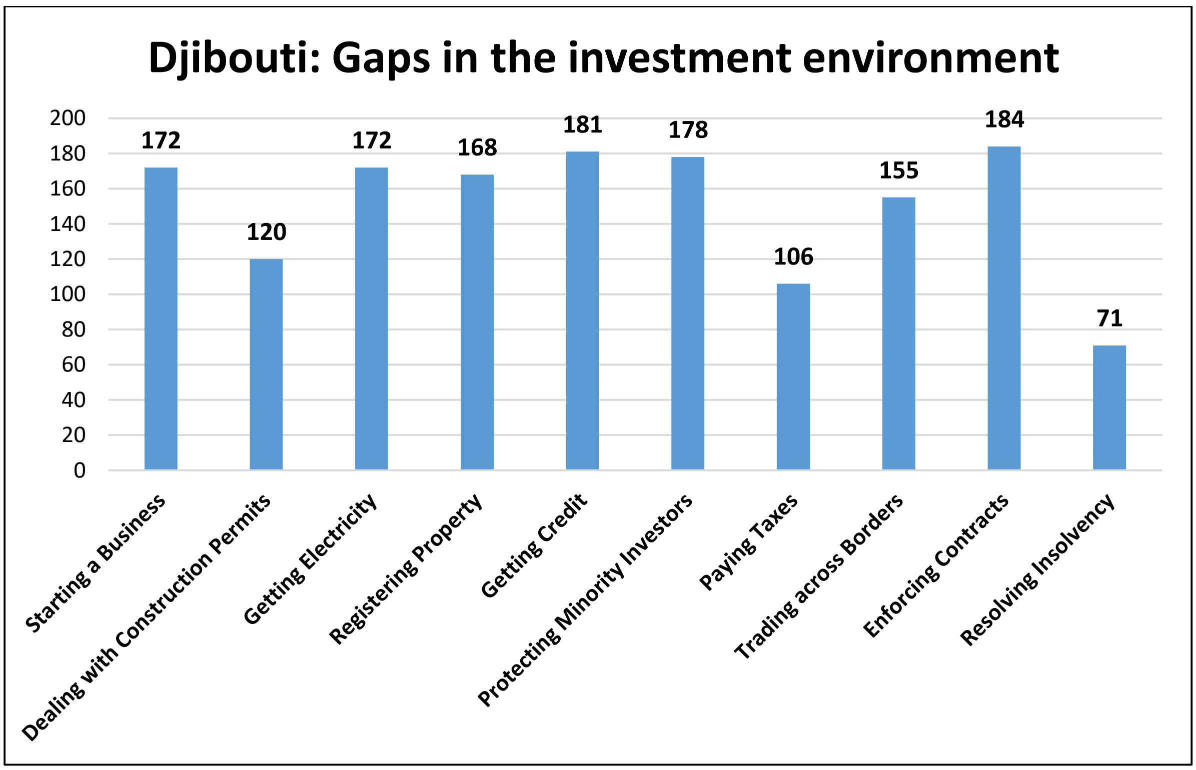
Investment advantages:

Djibouti opens onto Aden Gulf and Bab El Mandab Strait on the Red Sea. Thanks to its strategic position, it represents a portal through which a large volume of world trade crosses. It is characterized by its openness to investments as well as to many tax and customs exemptions offered to investors. Indeed, the one stop shop for investments that includes 14 governmental bodies provides services to investors.

And thanks to its vital location on the sea, Djibouti is known for being a ports economy and a trade portal between Asia and Africa, as the services sector accounts for 80% of the GDP. In fact, there are 3 existing ports and 6 others under construction in partnership with China for a value of $US 2 billion. They will be dedicated to containers, livestock, salt, oil and potash. The capacity of the existing ports amounts to 10 million tons and it will increase after the new ports become operational so as to reach the equivalent of 2,5 million containers. There are also plans to develop the communications networks and the roads and railways to link the ports to neighboring countries.

Gaps in the investment environment

Djibouti's ranking in the World Bank indicators for ease of doing business for 2017 among 190 countries



Source: World Bank Doing Business 2017

KSA
Chemical industries, real estate and tourism

A world investment hub within the vision 2030:

KSA is considered as a world center for attracting investments, thanks to the large capacity of the markets and the giant projects that are being undertaken in the Kingdom, the easy and attractive investment systems that are set up to attract capitals, start up and manage businesses. The KSA vision 2030 that was announced in 2016 will allow moving to a new phase of unprecedented development in the next 15 years, and the Kingdom will thus be able to reach a progressive growth irrespective of oil prices by relying on non-oil income sources. KSA is expected to launch programs to concretize this vision, the most important of which being the restructuring of the public investment Fund and the giant Saudi oil company ARAMCO, in addition to the national transformation program, the international strategic partnership program and other programs covering various economic, social and cultural aspects. The vision includes major projects, in particular:

- Privatization of minority shares at higher values, like offering 5% of ARAMCO to public subscription, and a minority share of Ryad’s airport and other.
- Transferring public lands to the investment fund for their development.
- Building the King Selman bridge linking KSA and Egypt so it would become the most important land crossing point in the world and will provide considerable opportunities for investment and construction.
- Providing several opportunities for logistics, in airports, ports, industrial compounds or hubs that will be established.
- Restructuring the housing sector as to contribute to increase the level of Saudis’ ownership.
- Restructuring subsidies in order for middle income and lower middle income earners to benefit thereof.
- Restructuring many military deals so as to link them to Saudi military industries benefiting from abundant minerals less than 5% of which only are being exploited,

and establish a holding company for governmental military industries expected to be offered for subscription by the end of 2017.

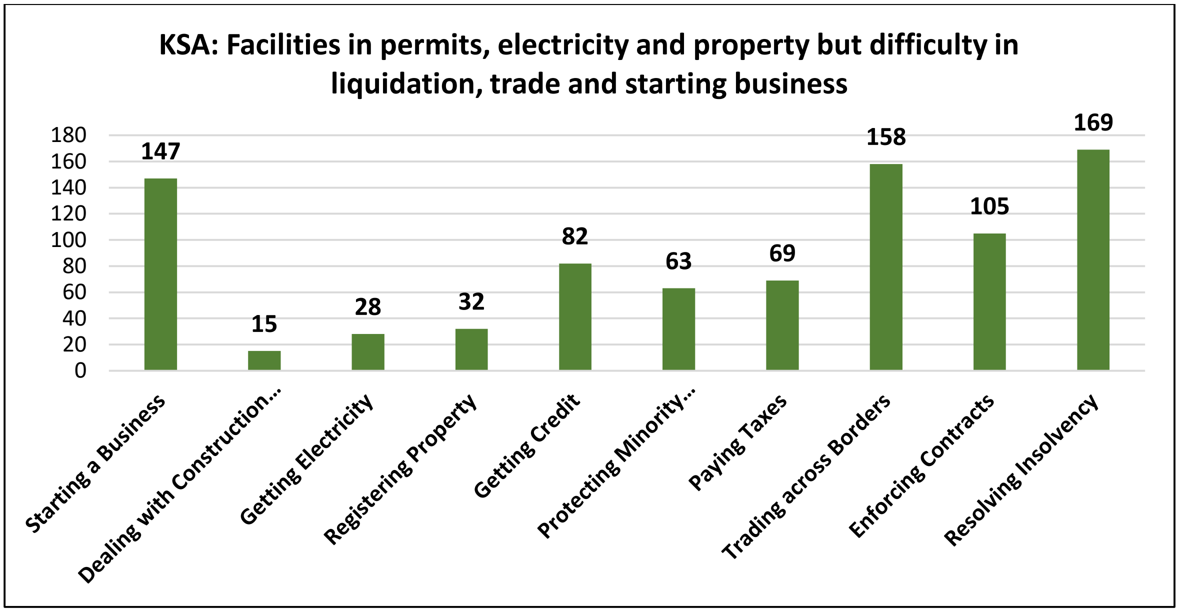
- Granting the “green card” for individuals wishing to have a long residency in KSA, knowing that it will start to be implemented within the next five years.
- Developing tourism, enhancing the cultural services and the visibility of the history of civilizations in KSA. Highlighting archeological sites, establishing the largest Islamic museum in the world, developing the Hajj and Umrah projects, building the Mecca underground and carrying on the upgrading of the infrastructure through exploiting the lands surrounding the Sanctuary in Mecca.

Advantages:

KSA provides an attractive environment for foreign investments, like access for foreign investors to full ownership in most activities, non-existence of minimum capital requirements for limited liability companies, freedom in transferring and modifying the property shares while benefiting from funding and soft loans programs in both real estate and industrial sectors. With regards to placement, investors have free hand to select directors while they are encouraged to recruit Saudis given that half of their salaries is borne by the Human Resources Development Fund during the incorporation phase of the foreign investors’ projects. Attractive factors add up to these privileges in terms of low tariffs for energy, water and electricity, easily obtained permits and a flexible delivery of visas to investors.

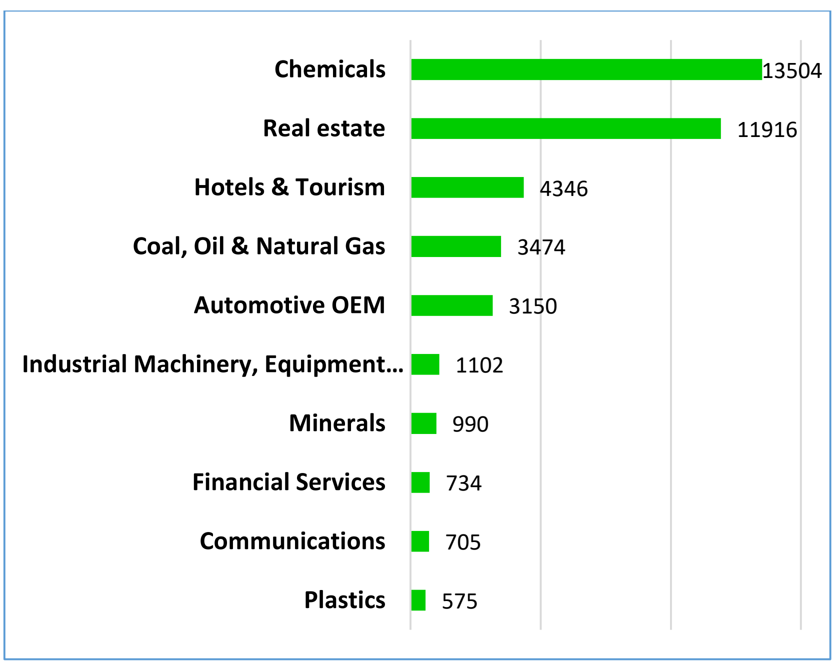
The following table shows the progress KSA made in important investment sectors, as well as areas needing further development, in particular corporate laws, cross border trade and procedures for starting a business.

KSA's ranking in the World Bank indicators for ease of doing business for 2017 among 190 countries



Source: World Bank Doing Business 2017

Investment projects by the top 10 sectors, 2012-2016, (US$m)



Source: Fdi markets

Major countries investing in KSA, 2012-2016

Country	fdi (US$m)	Nb of projects	Nb of companies
USA	9753	94	82
UAE	9202	127	77
France	4026	25	16
Singapore	3562	18	8
Kuwait	2316	15	9
Malaysia	2000	1	1
Germany	1609	19	15
Japan	1579	23	19
United Kingdom	1440	45	37
South Korea	1290	7	5
Other	8180	176	140
Total	**44956**	**550**	**409**

Ibid

Sudan: A new promising era at all levels

Towards a new era of revival

Lifting American sanctions on Sudan in the next few months after 20 years of suffering is expected to have positive effects on the Sudanese economy, through boosting foreign investments so they could provide foreign currency, particularly in the financial and agricultural sectors as well as in health and education areas. Transport and communications projects and other vital sectors are being revived.

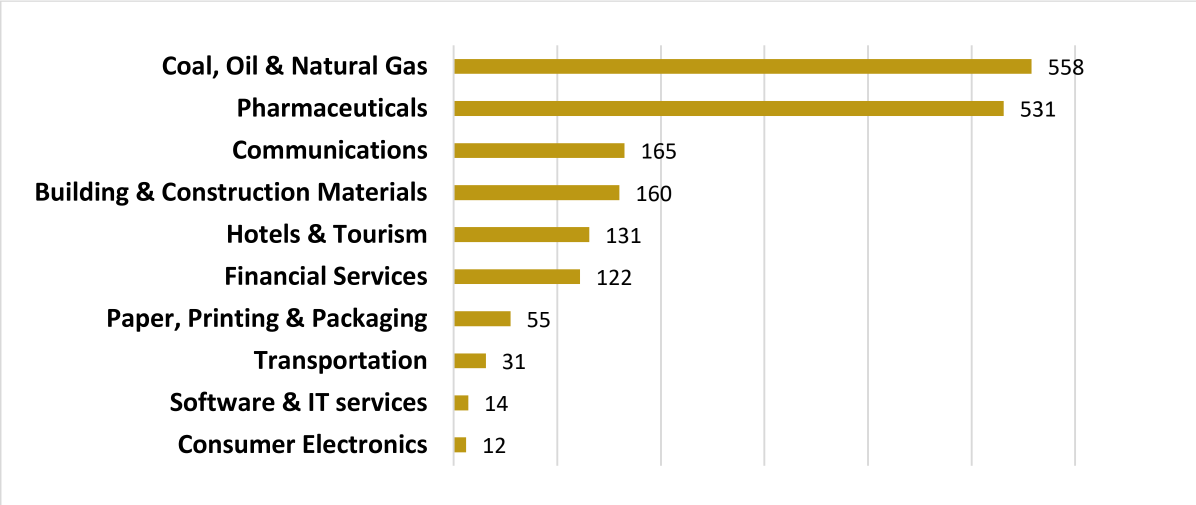
Sudan is planning to attract $US 10 to 15 million worth of foreign investments by the end of 2017, by focusing on providing various incentives in the sectors of agriculture, livestock production, mining and services. It is also expected that all necessary amendments to the national investment law will be finalized during the third quarter of the same year. This would allow to deal with the hurdles encountered in the implementation of the investment law of 2003, and will grant more privileges and incentives to foreign investors.

Investment fundamentals

Sudan is endowed with many assets, resources and promising opportunities, increasingly important today, including oil and gas, precious metals like gold and silver as well as iron, zinc, chrome and many others. Its main wealth remains however the abundant surface water, rain water and agricultural lands. Indeed, no other country can be compared to Sudan in terms of the surface area of its arable land, the diversity of its climate, soil and water. Sudan also enjoys considerable agricultural assets with 175 million acres of arable land, and 52 million acres of forests in addition to its livestock and fertile pastures.

Hundreds of projects are also offered for investments in Sudan in many sectors, like transport, infrastructure, livestock, minerals and industry, particularly pharmaceuticals.

Evolution of investment projects according to the top 10 sectors between 2012- 2016 (US$m)



Source: Fdi markets

Major countries investing in Sudan, 2012-2016

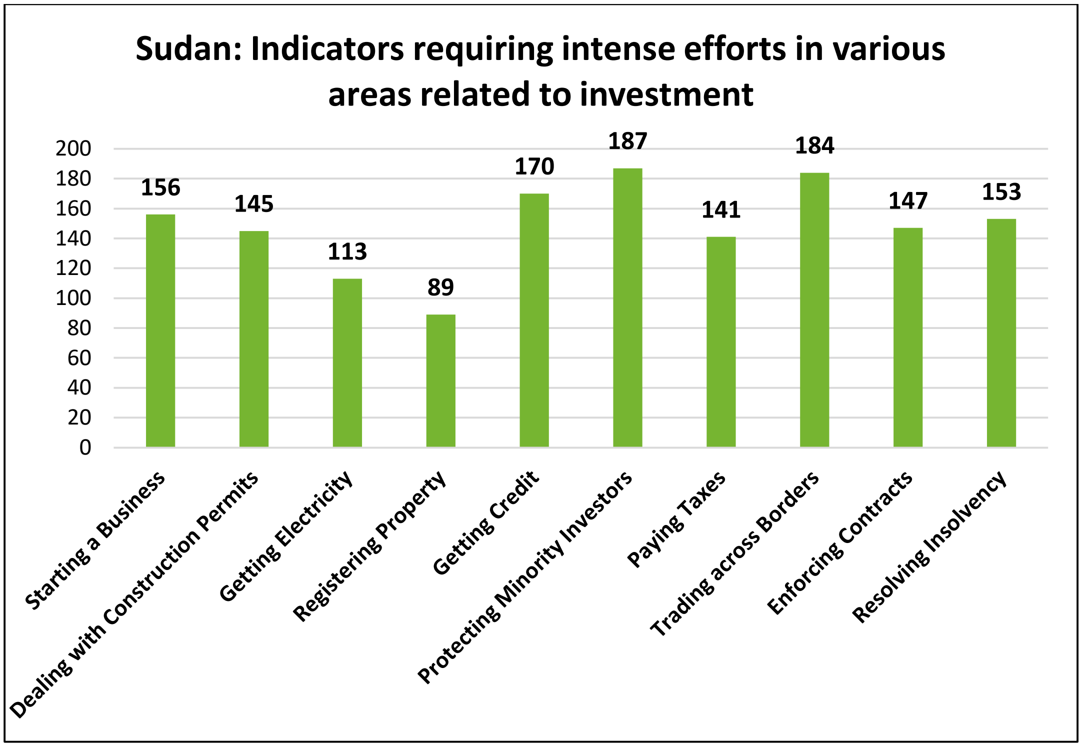
Country	fdi (US$m)	Nb of projects	Nb of companies
Egypt	1264	5	4
UAE	247	9	4
Bahrain	150	1	1
Nigeria	45	1	1
KSA	15	1	1
India	14	1	1
South Korea	12	1	1
Qatar	11	1	1
Ethiopia	11	1	1
China	8	1	1
Other	8	1	1
Total	**1785**	**23**	**17**

Ibid

Areas for development

The following table shows the ranking of Sudan in the ease of doing business index for 2017 among 190 countries, which clearly reflects the need for improvement in various areas related to investment.

Sudan's ranking in the World Bank indicators for ease of doing business for 2017 among 190 countries



Source: World Bank Doing Business 2017

Sudan has also to strive to exploit its potential in order to achieve a comprehensive and diversified resources development, to remove all hindrances facing the upgrading of the overall economic performance by reducing the inflation rate, liberalizing the exchange rate, enhancing productivity and strengthening the human capital through education and professional development.

Moreover, providing an investment friendly environment would require further development in economic, financial and banking legislations, achieving fiscal stability in addition to providing modern and up to date services. It is also necessary to take a specific interest in the basic infrastructure of electricity, IT & communication, transport and other important services. Problems and actual obstacles encountered by Arab and foreign investors in Sudan need to be looked into and radically dealt with. Indeed, this would improve to a large extent the investment profile in Sudan, especially that these problems are neutralizing the advantages granted by the investment law and preventing their full activation. Among the major obstacles:

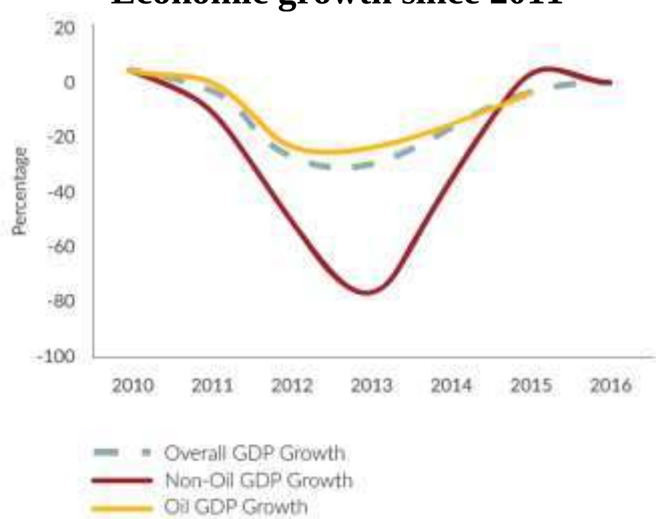
- Non availability of equipment spare parts, fertilizers and pesticides and thus it is very important to facilitate the import of such products and to promote the local manufacturing thereof.
- Heavy charges and taxes imposed on equipment and machinery, especially in the agriculture sector, and thus it is very important to review radically this issue.
- A definitive and legal settlement of the various land ownership related problems emerging from the objection of the provinces to decisions taken by the government as to grant investors agricultural lands.
- Different decision making authorities from one province to another and even within the same province, which leads to conflicts of interest between the governors and the legislative councils for each province. It is thus important to reach an internal agreement on the powers in order to create on single reference.
- Weakness of the infrastructure and the main public services, as well as the absence of modern transport means from the production sites to the marketing, exportation and ports locations. This area requires major investments, from the State or by promoting partnerships with the local, Arab and international private sector.
- Non justified tax collections imposed by the provinces and local councils on products being transported to the port, and thus it is important to remove such collections.
- Lack of conciliation and arbitration mechanisms for foreign investors.
- Removal of restrictions on investments and striving to ensure a stable legislative framework.

Syria: Spillover and tragedy of the war

A recent World Bank study on the economic and social losses ensuing from the war in Syria up to early 2017[1] showed that the conflict had claimed huge numbers of lives and caused the forced displacement of hundreds of thousands reaching to more than half of the population. The aggregate losses in the GDP for the period 2011-2016 amounted to almost $US 226 billion, around four times the GDP in 2010, knowing that production factors were destroyed, the economic activity was paralyzed and communication means within the country were largely disrupted as well as the import and export chains. The war has also inflicted huge damages to the physical capital given that 7% of dwellings were destroyed while 20% of them were damaged.

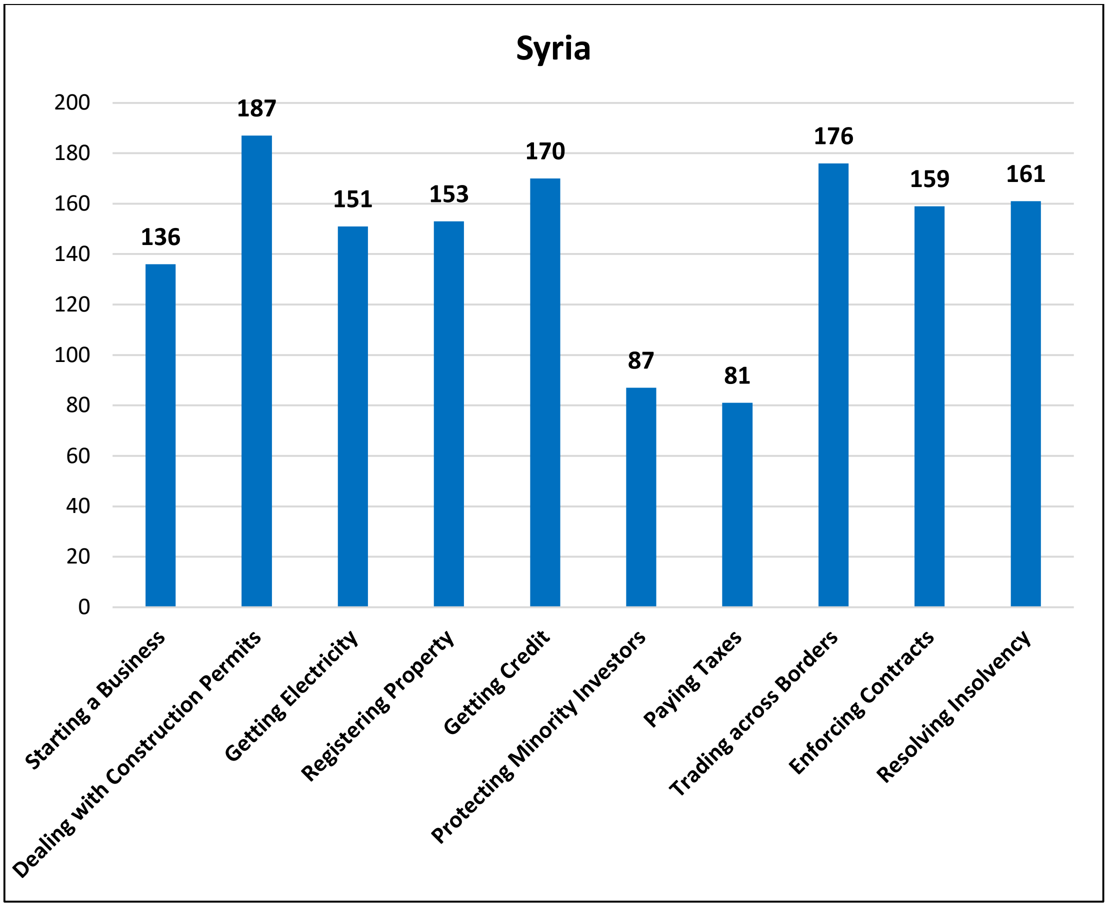
The main problem lies in the fact that the conflict became protracted with no clear or known outcome, which renders recovery even more difficult. With the conflict still raging, the social and economic consequences will further deteriorate as migration will continue. Indeed, more the war lasts, grievances and divisions will deepen in the Syrian society and recovery would become slower and harder to achieve.

Economic growth since 2011



Source: World Bank, **The Toll of war: The Economic & Social Consequences of the Conflict in Syria**

Syria's ranking in the World Bank indicators for ease of doing business for 2017 among 190 countries



Source: World Bank Doing Business 2017

Somalia
Stability depends on aid and job opportunities

Main challenges:

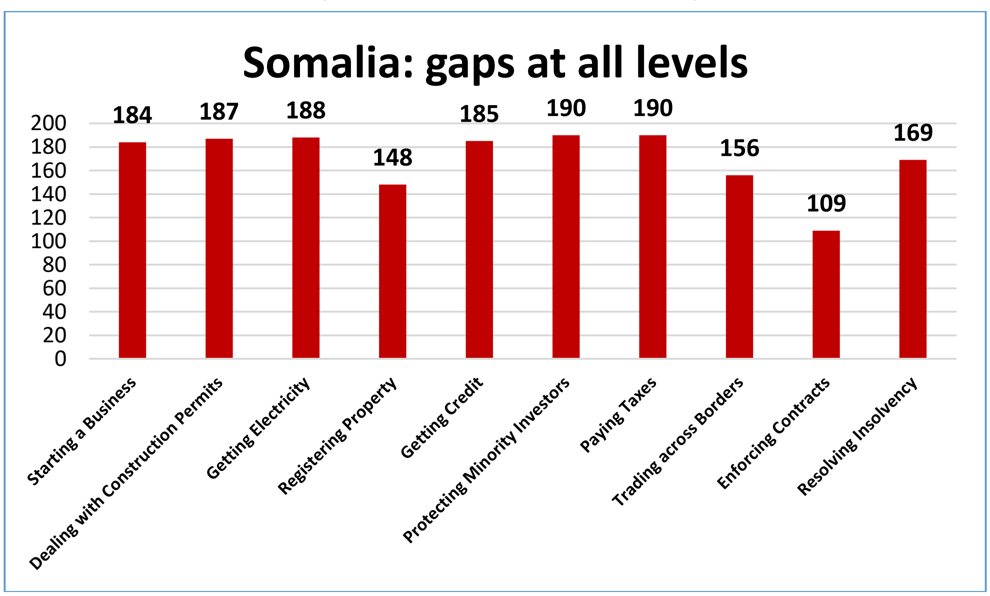
Somalia faces several challenges in its quest for peace, stability and economic growth. The recent drought crisis and the hunger that ensued therefrom led to great hardships in the country requiring humanitarian assistance from international community. Somalia is now moving forward towards overcoming the war era knowing that the economic conditions are still arduous and poverty is still widespread. Moreover, official authorities lack sufficient resources, capacities and supporting mechanisms to meet the urgent development needs as well as the humanitarian needs of the population, while aid accounts for 40% of the public budget for 2017.

Moreover, the recent drought episode affected vulnerable communities that rely on agriculture for their livelihoods, which led to around 6.2 million people, almost half of the population, being in dire need of food and humanitarian assistance.

The economic situation in Somalia will depend on the ability to contain the hunger crisis left by drought, and on pursuing the necessary reforms while international aid continuing to flow in the country for developing the capacities and ensuring security and safety. In this context, it is of paramount importance to seek to create job opportunities, especially for young people 67% of whom are unemployed, which aggravated the crisis with its worst consequences being the extremism movements that emerged, and the intensification of illegal migration that exposed migrants to great dangers.

Somalia's weak ranking in the World Bank indicators

for ease of doing business for 2017 among 190 countries



Source: World Bank Doing Business 2017

Iraq
Infinite opportunities until stability is completed and investment environment is in place

A vision that is starting to clear up

Iraq has been largely affected by the ISIS terrorist phenomenon while oil prices dropped, which drained the country's resources and assets to a big extent, and led to new waves of internal migration of more than 4 million people, in addition to previous migration movements. According to the United States statistics, around 10 million people representing 27% of the population are now in need of urgent humanitarian assistance.

Despite the extreme difficulties and the tragedy that ensued from the disturbances resulting from terrorist events since 2014, Iraq was able to fight against this phenomenon in a record time. It is expected that Iraq will succeed very soon in regaining control over all national territories. There are now large areas of Iraq that enjoy stability, economic activity and prosperity, and that provide profitable investment opportunities.

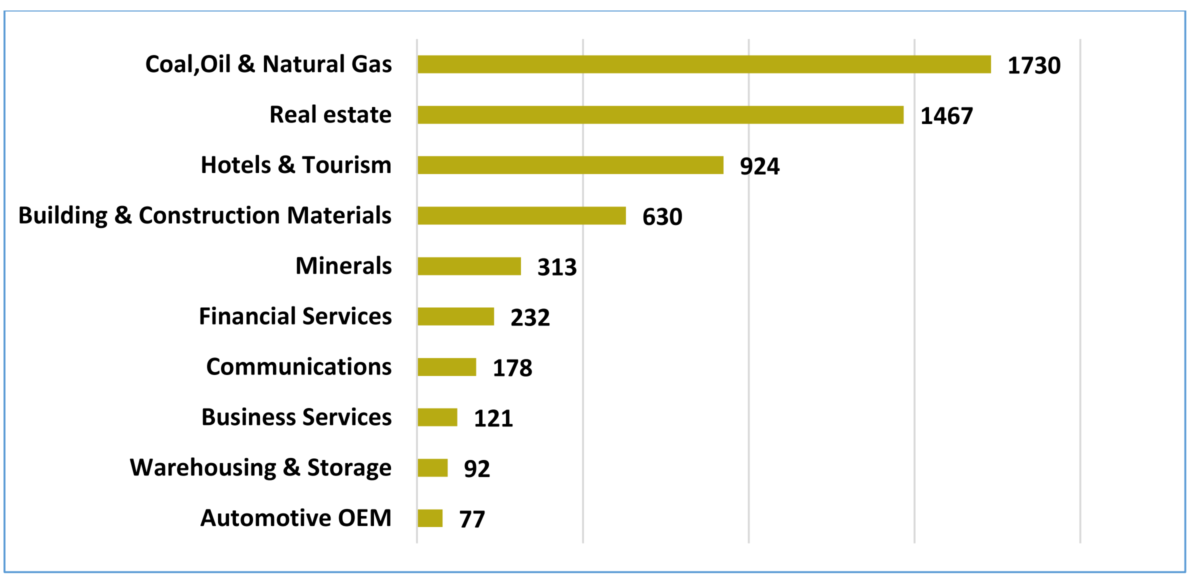
Why to invest in Iraq?

Iraq has the fifth largest oil reserve in the world and needs considerable investments for reconstruction and the development of infrastructure. There are also profuse opportunities for investing in the sectors of infrastructure, traditional and renewable energy, industry, construction, health, tourism, agriculture and security. However needs for investments are infinite in all areas to establish new projects or update existing projects. Iraq's market is large and growing: it imports large quantities of agricultural and food products, of machines, equipment, consumption goods and defense material. Thus, Iraq is still drawing much interest in terms of international investment, while major world economies are competing to invest in the country and establish partnerships in light of the promising future perceived in Iraq.

Major areas for investment:

- Oil and gas extraction, oil by-products and fertilizers.
- Construction material industries.
- Regions within the governorates.
- Different areas of processing industries.
- Large investment opportunities in agriculture and in modern and up to date machinery.
- The tourism sector: hotels, leisdure and sport facilities.
- Promising investments in the banking sector.
- The housing sector and the infrastructure projects, especially in the sectors of electricity, water, transport, communication, internet and mobile phone services, alongside other facilities like airports and ports.
- Specialized health and hospital sector where there is a high demand, in addition to a promising market in different medical areas.
- The education sector at all levels and in all specializations.
- Marketing and retail sectors, shopping malls and commercial resorts.

Evolution of investment projects according to the top 10 sectors between 2012- 2016



Source: Fdi markets

Major countries investing in Iraq between 2012 and 2016

Country	fdi (US$m)	Nb of projects	Nb of companies
Russia	6361	7	3
UAE	5384	25	19
USA	2232	18	15
Netherlands	850	1	1
Canada	850	1	1
India	457	2	2
Czech Republic	450	1	1
Jordan	282	8	6
Kuwait	185	1	1
Lebanon	181	12	7
Other	1232	65	58
Total	**18463**	**141**	**114**

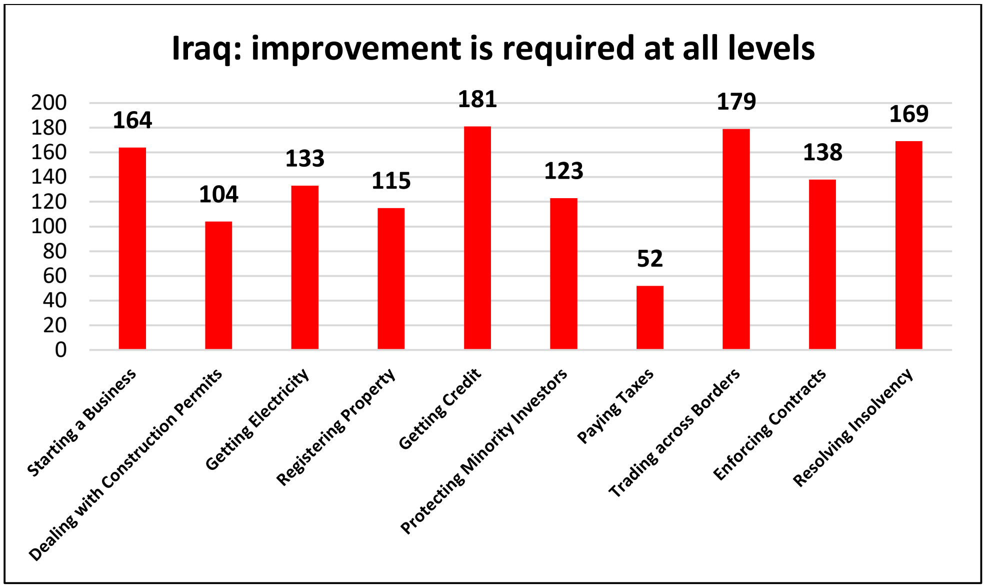
Ibid

Requirements for the development of the investment environment

Foreign investors face several hurdles due to red tape, complex procedures, and cost margins initially resulting from bribery and security protection costs, in addition to long and costly Customs procedures, frequent black-outs, difficult access to finance and to commercial conflicts settlement, delays in payment of governmental dues, in addition to legislations changing and being different from one area to another.

In parallel to the importance of laying the foundations for peace and stability, it is of utmost importance to rethink the investment climate in all areas, particularly to fill the gaps featured in the following graph.

Iraq's ranking in the World Bank indicators for ease of doing business for 2017 among 190 countries



Source: World Bank Doing Business 2017

Oman

A competitive environment and promising perspectives

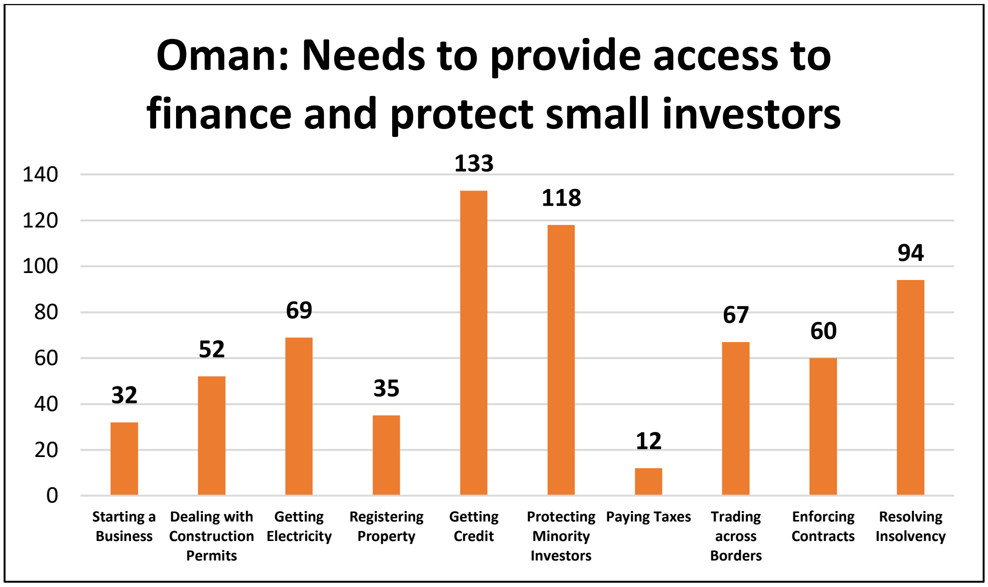
A competitive environment and investment opportunities

Oman abounds with promising investment components in light of the favorable investment and legislative environment, the facilities and incentives made available to investors with the Sultanate launching the program for economic diversification within the "Vision of Oman 2020" which succeeded in achieving a concrete diversification in the national economy. Moreover, a strategy for development until 2040 was set up, targeting quality areas in the sectors of industry, transport, logistics, food security, fisheries, mining, tourism and other sectors.

Oman has made major strides in creating a favorable investment climate and providing facilities to investors in terms of infrastructure and new important projects in Duqm, Sohar and various areas in the sectors of industry, IT, tourism and other. These initiatives were backed up by the launching of programs for training the workforce, and particularly for encouraging entrepreneurship among youth.

According to the World Bank, Oman ranks third in the Arab region after UAE and Bahrain in terms of the ease for doing business. The chart below shows the ranking of Oman among 190 countries with regards to a number of main indicators for the ease of doing business.

Oman's ranking in the World Bank indicators for ease of doing business for 2017 among 190 countries



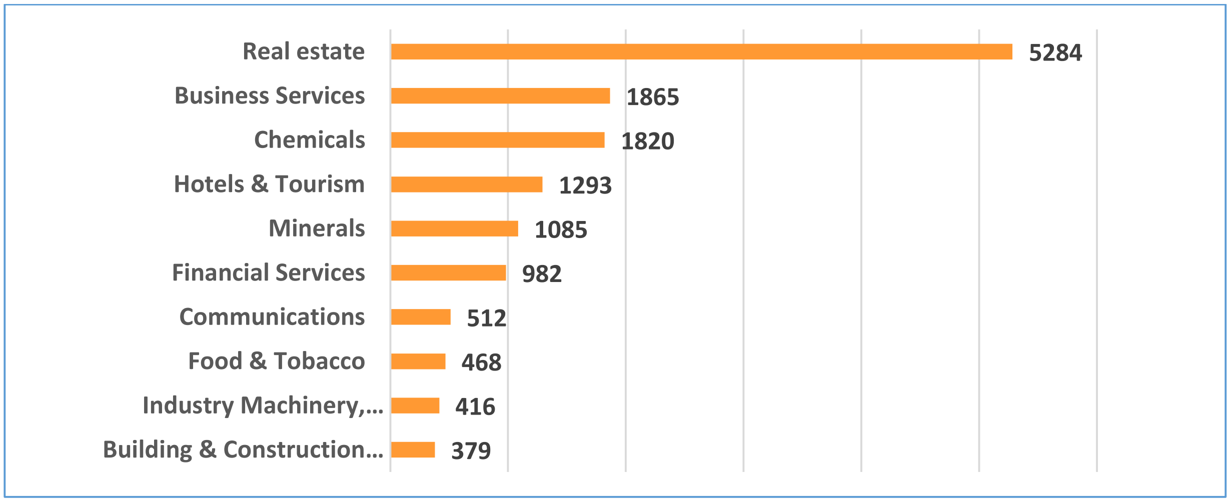
Source: World Bank Doing Business 2017

Here below are the main objectives to be achieved:

- Doubling tourism-related activities 8 to 10 folds in order to create more than 500 thousand direct and indirect job opportunities, and increasing the share of tourism to 6 to 10% from the GDP, while looking forward to establish 1200 small and medium enterprises in the tourism sector during the implementation of the tourism strategy.
- Pursuing the establishment and development of industrial and free zones in the different governorates of the Sultanate, as well as allowing them to provide incentives, tax exemptions and facilities, especially in Duqm, Sohar, Salala and the major projects under completion in these areas at the level of main infrastructures, logistics and other productive and industrial projects. There is a focus on ensuring expansion and integration of existing areas and setting up new ones, and promoting small and medium industries.

- Carrying on the development of agriculture and fisheries, and taking stock from world experiences for purposes of innovation and modernization; introducing integrated packages and systems for harvesting techniques and a high quality of products as well as marketing and manufacturing processes with an optimal and sustainable use of natural resources, and early warning systems. This policy has led to an increase of the cultivated area by 25% in 2015, and thus achieved an increase in agricultural production alongside a record in fish production the same year.
- Strengthening the investments areas in the sectors of health, education and logistics the potentials of which are still largely unexploited; taking stock from international experiences in developing the service sector, particularly the IT&Communication, the banking sector and the therapeutic tourism.
- Promoting investments in the mining sector which accounts now for 33% of the Omani non-oil exports, and which is considered among the major promising sectors for investments given the highly viable components and estimations of minerals.
- The importance of benefiting from the promising investment opportunities in the processing industries sector which represents now 11% of the GDP in Oman, especially after the launch of the "One Stop Station" where documents and permits related to investment activities are processed electronically, very easily, at high quality and in a clear and transparent way, so as to save time and efforts.

Evolution of investment projects according to the top 10 sectors between 2012- 2016 (US$m)



Source: Fdi markets

Major countries investing in Oman, 2012-2016

Country	fdi (US$m)	Nb of projects	Nb of companies
USA	3405	21	17
UAE	2407	85	47
India	1547	39	23
Spain	1204	2	2
Singapore	1166	8	7
Qatar	1103	13	11
South Korea	857	2	2
Kuwait	729	6	6
United Kingdom	552	19	18
KSA	545	18	7
Other	3328	63	51
Total	**16841**	**276**	**191**

Ibid.

Development needs

The Sultanate of Oman has gone a long way in preparing the investment climate, while gaps still existing in the private sector are being dealt with, most important of which:

- The obstacle of access to finance for SMEs.
- The difficulty of access to land for economic investment
- Long procedures to obtain investment permits, and the importance of establishing one single authority to avoid delays instead of dealing with various bodies in charge of investments.

It is also very important to focus on the following:

- Coordination between the different free zones within the same country, each enjoying a competitive specificity so as to maximize their marketability and to benefit from their full potential.
- Identifying investment opportunities and specific projects to promote them with the local, Arab and foreign private sector.
- Promoting opportunities available near the free zones, and in which investment would reflect on the overall surrounding environment as well as on the free zones themselves.
- Increasing the operation efficiency of the free zones that should be a priority, especially underpinned by the government policy, and enhancing the ease of doing business.
- Expanding quality investments in the areas of agricultural development and fisheries.
- Working on training the managerial staff and other professional staff.
- Enhancing spending on scientific research in the agricultural sector.
- Supporting the launching of new generations of investors in the agricultural sector and providing them with assistance.
- Developing the efficiency of governmental services.
- Revising the labor policies and laws so they could become more flexible and meet investment and development requirements in the sectors of industry and mining; facilitating access to funding for private sector's projects.
- Ensuring an appropriate promotion of the promising opportunities available for the private sector for added value projects in the oil and gas sectors.

Palestine:
Wide-open prospects

Investment fundamentals

The west Bank and Gaza Strip enjoy investment opportunities in the area of infrastructure development, as well as abundant potential for investments in many areas and sectors in a free market economy in which the private sector plays a central role in accelerating the growth pace.

Several incentives are set to promote investments within Law no (1) of 1998 and its amendments on the promotion of investments, that aims at facilitating the business environment and contributing to the improvement of the investment climate. The law focuses on many economic sectors like agriculture, industry and tourism, and supports export activities and projects that employ local labor force and that serve local interests.

According to the Palestinian Investment Promotion Agency, a package of incentives was recently launched in 2017 to encourage investments in accredited industrial and free zones, in accordance with the national policies agenda for 2017-2022. These facilities include three types of projects: existing projects that did not benefit from grants program or that did benefit therefrom, projects within the scope of industrial zones, and the finance and lending programs. Another package of incentives was also launched to encourage investments in the use of alternative and renewable energy technologies.

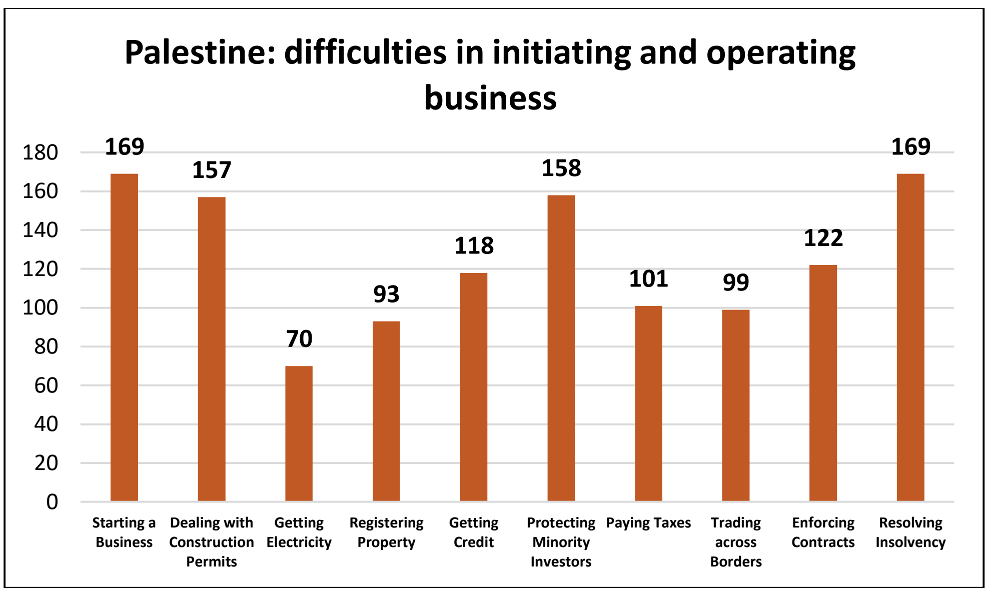
There are several investment areas in the sectors of construction and real estate, food and beverage, IT & Communications, tourism, industry, agriculture, in stone and marble quarries, pharmaceuticals, textile and garment industry, renewable energy, health and education.

The occupation suffering

The Palestinian economy faces great difficulties resulting from the Israeli occupation and exactions, as well as from the sharp decrease of aid flows in the recent years. The growth rate that started to slowly recover from a state of stagnation in 2014 is expected to reach 3,5% in the medium term, according to the World Bank indicators.

There is a need to provide a favorable climate for sustainable growth that will be led by the private sector, alongside the commitment of the international community to continue providing financial support and remove the Israeli restrictions that are still hindering private investments.

Palestine's ranking in the World Bank indicators for ease of doing business for 2017 among 190 countries



Source: World Bank Doing Business 2017

Official authorities continue to manage policies for achieving the required balance, as the report of the International Monetary Fund mission for 2017 indicates that the public finance had a performance beyond expectations in mobilizing revenues and curbing expenditures in the five first months of 2017. As a result, the recurrent expenditures deficit is expected to reach 6.1% of the GDP by the end of the year, thus showing a decrease by 1.7 percentage points compared to previous projections. There is also a need to take additional steps so as to make more progress in narrowing down the funding gap that accounts for 4% of the GDP, especially by improving collections, setting a more progressive fiscal system, raising spending efficiency and enhancing the cost recovery of public services.

Qatar: potential and capacities

A supporting vision and favorable environment for investment

The national vision 2030 adopted by Qatar with a view to diversify the income sources and reduce reliance on oil and natural gas resources, has contributed in implementing a series of policies and programs aiming at strengthening the private sector contribution to the economic development process. Indeed, the state issued proper laws and legislations that facilitated engaging in commercial and economic business, and provided an attractive investment environment to different projects.

There are incentives for foreign investments in joint projects through providing technology, managing the market and subscribing to the capital. Companies are also supported to access regional and international markets, with existing first class air and sea linkages and excellent communication services. Moreover, the Qatar Science and Technology Park (QSTP) is considered a home to technology-based companies from all over the world.

Incentives for investment

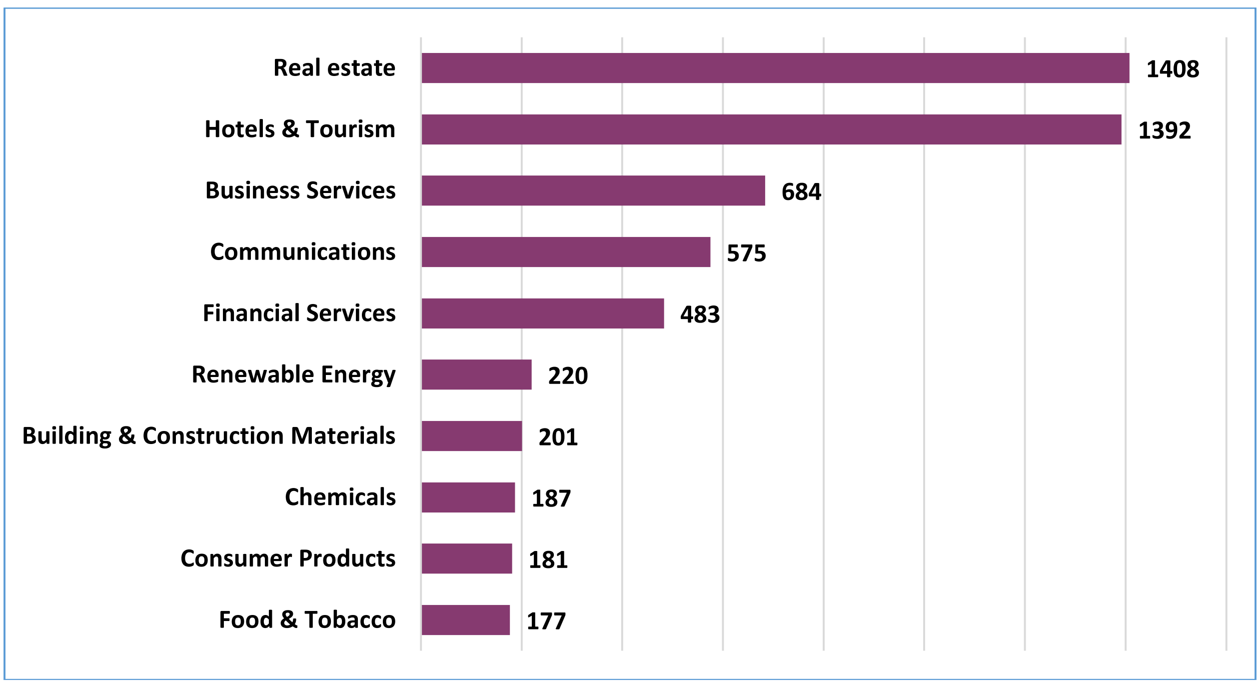
Foreign investors are granted full ownership of companies at 100% in selected sectors including tourism, agriculture, manufacturing, health, education, development and exploitation of natural resources, consultancy services, IT, business services related to sport, culture, leisure and distribution.

Joint projects also benefit from many incentives with regards to partial ownership in joint stock companies in Qatar, ownership of some resorts and residential units, investment in the banking and insurance sectors, exemption of Customs fees on machinery, equipment and spare parts imports, abstention from limiting volumes of imports, exemption from exports fees and from taxes on companies' profits for specific periods of time; exemption from tax revenue for 10 years. Moreover, laws for residency and work of foreign labor are simplified given that they facilitate labor importation and provide the required expertise to the projects[2].

Investing in infrastructure

Qatar places considerable investments to rehabilitate the infrastructure needed for hosting the World Cup in 2022, with costs expected to reach $US 8 to 10 billion. This event attracts many foreign investments in the sectors of real estate, hotels, tourism, business services, communication, financial services, renewable energy and construction material. Investments are also needed in traditional sectors like oil, gas and petrochemicals.

Evolution of investment projects according to the top 10 sectors between 2012-2016
(US$m)



Source: FDI markets and dhaman.net

Major countries investing in Qatar, 2012-2016

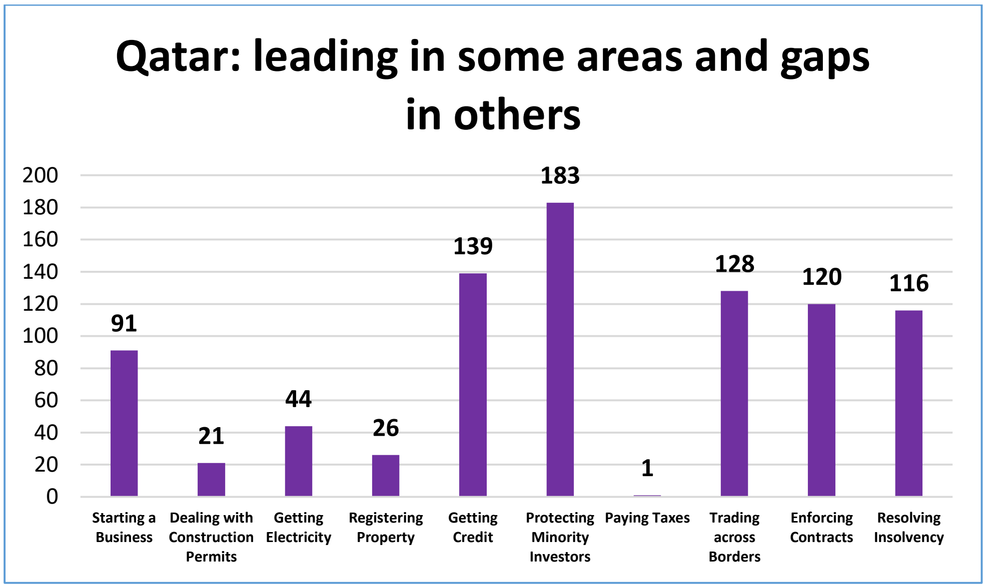
Country	fdi (US$m)	Nb of projects	Nb of companies
UAE	2241	75	58
Singapore	607	2	2
USA	598	36	36
Spain	517	10	8
United Kingdom	441	42	32
India	314	18	15
Switzerland	291	5	5
Italy	279	6	6
France	207	13	12
Egypt	**185**	**2**	**2**
other	958	77	72
Total	**6639**	**286**	**248**

Ibid

Development needs

Qatar took early 2017 a number of procedures aiming at strengthening the business climate and the removal of hurdles encountered by the local and foreign private sector. They also contribute to enhancing economic growth, diversifying the economy and attracting national and foreign investments. The new procedures will include the issuing of a guide that will set clearly commercial activities and investment opportunities, as well as a swift settlement of permits applications for events to be organized by the hotels and the tourism sector through the one-stop shop, and the electronic connection between different competent authorities in charge of issuing authorizations in order to facilitate procedures, permits and commercial registrations. The National Tourism Sector Strategy for 2030 will be revised in partnership with the private sector, and a proper mechanism will be set up to price lands in industrial zones and logistics. Moreover, free zones will be established according to the most recent world standards, and cooperation between the private and the public sector will be enhanced in joint projects that contribute to the promoting economic growth.

Qatar's ranking in the World Bank indicators for ease of doing business for 2017 among 190 countries



Source: World Bank Doing Business 2017

Comoros: fundamentals need to be promoted

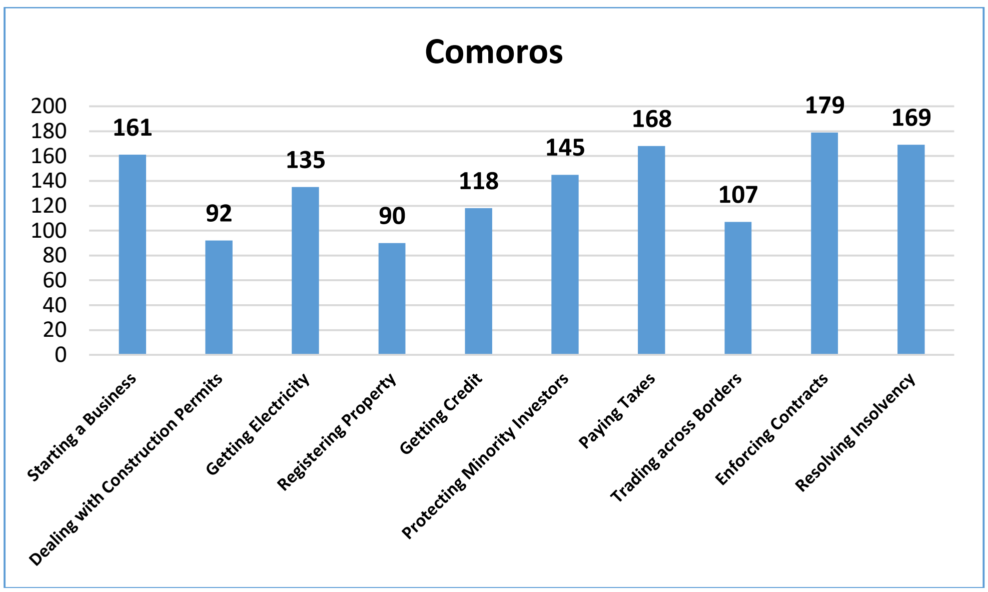
The Comoros are composed of four islands being the Grande Comore, Moheli, Anjouan and Mayotte in addition to few other some islands. The archipelago has considerable potential in the sectors of agriculture, fishing, tourism and other areas that are still largely unexploited.

The investment law issued in 2007 provides a favorable framework for investments, in terms of the freedom of capitals and profits transfer, equal treatment of both local and foreign investors in addition to privileges and tax exemptions[3].

However, it remains important to work on promoting investments in infrastructure and rehabilitating the workforce in order to overcome all difficulties and obstacles that limit the inflow of foreign investments.

There are several investment opportunities in the sectors of tourism, agriculture, livestock, processing industries and construction material. Given the vital importance of agriculture in economy, it is important to seek to establish procedures that boost agricultural activities and rural development, in order to improve the living conditions of the population who live in their majority in rural areas.

Comoros' ranking in the World Bank indicators for ease of doing business for 2017 among 190 countries



Source: World Bank Doing Business 2017

Kuwait: Business and Finance Services and Communications

Vision 2035 for positioning Kuwait as a global financial and trading hub:

The objective of the 2035 Vision is to transform Kuwait into a global financial and trading hub with the aim of attracting investments and with the private sector leading the economic and investment activity, creating competition and promoting production efficiency, under the umbrella of enabling government institutions, based on a favorable investment environment, advanced legislation and an inspired business environment. In order to achieve its objectives, the vision is based on effective governance, a diversified and sustainable economy, high-end infrastructure projects, sustainable living environment, high-quality healthcare services, and creative human capital.

Through this Vision, Kuwait seeks to raise its global competitiveness indicators to stand among the top 35 countries in the world. The mega-projects have started materializing, especially in the infrastructure setting the ground for commercial development, in terms of bridges, new cities, large road projects and new airports. As for the development of Kuwait's strategic financial center, it will rely on co-financing with the private sector and citizens, with a 50% partnership system for citizens, 26% for the strategic investor and 24% for the government.

The estimated cost of the strategic projects in the current development plan within the Vision is about $ 80 billion, of which 72% are government projects and 28% are partnership projects with the private sector and citizens[4]. The year 2017 will see citizens subscribe to the first company in this system, namely Al Zour power plant.

A stimulating investment environment

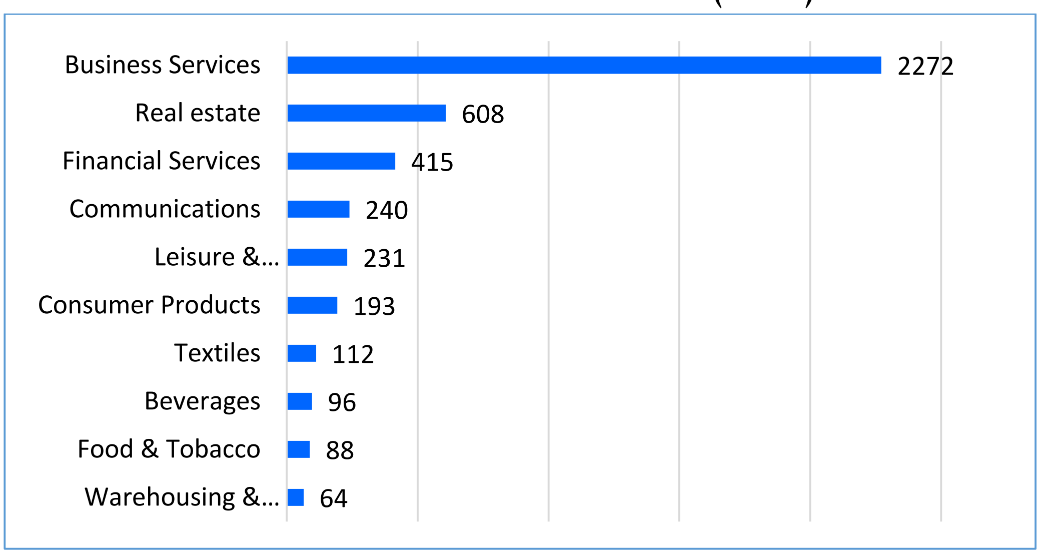
Kuwait enjoys an investment-friendly environment and a supportive and stimulating legislative framework for investment governed by advanced laws that provide many privileges, such as the freedom to transfer earnings and capital, tax exemptions for a period not exceeding ten years from the start date of investment projects and freedom of employment of foreign workers according to local regulations.

Target sectors

There are many investment opportunities in Kuwait, the most important of which being:

- Infrastructure in the traditional energy sectors, renewable energy, desalination, maritime transport and rail transport
- Environmental services for solid waste management, wastewater treatment, oil and industrial waste treatment, and waste recycling
- Chemical projects based on oil and natural gas
- Education and training in all branches and specialties
- Healthcare, specialized hospitals and clinics for various specialties
- Integrated housing projects and city development
- Warehousing and storage and logistics services
- Banks, financial services and insurance services
- Air, sea and rail transport
- Tourism, hotels, leisure and entertainment
- Information technology and development of software and applications
- Culture, media and marketing, including digital marketing, and digital content creation

Evolution of investment projects according to the top 10 sectors attracting foreign direct investments between 2012- 2016 (US$m)



Source: Fdi markets

Major countries investing in Kuwait, 2012–2016

Country	fdi (US$m)	Nb of projects	Nb of companies
France	1844	7	7
UAE	831	51	29
China	685	6	5
South Korea	387	1	1
Japan	134	1	1
Bahrein	117	7	5
USA	101	16	16
India	87	11	8
Qatar	48	8	6
United Kingdom	47	8	8
Other	203	31	27
Total	**4483**	**147**	**113**

Ibid.

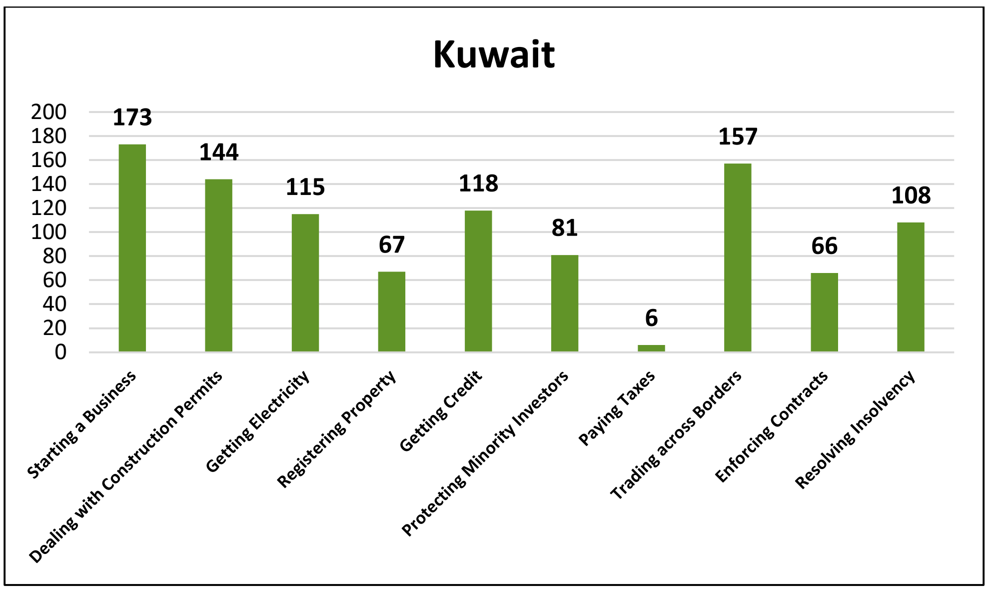
Development requirements

In light of the World Bank's indicators of ease of doing business and gaps in the business environment in Kuwait, as shown in the figure at the end of this section, the Government has stepped up its efforts in consultation with the private sector in order to develop a series of actions aimed at improving the business environment.

Key features of the new trends include enhancing opportunities and responsibilities for the private sector and providing it with the necessary facilities to own state-owned enterprises, ensuring return of capital through privatization. It also includes incentives to invest in non-oil sectors in order to diversify the sources of income and to create employment opportunities, in addition to moving ahead with infrastructure development projects and rehabilitating ports and free zones.

A number of important legislations have already been enacted which contribute significantly to the improvement of the business environment. The most important of these are the recent amendments to the Companies Law that will streamline and reduce the procedures of incorporation to a large extent, the establishment of the "One-Window Transaction", as well as the opening of the Kuwait Business Center that brings the time needed to issue business licenses for companies to a week. Furthermore, more legislation and regulations are expected to be passed soon.

Kuwait's ranking in the World Bank indicators for ease of doing business for 2017 among 190 countries



Source: World Bank Doing Business 2017

Lebanon: opportunities and privileges awaiting promised reforms

A Competitive economy

Lebanon would be the most liberal investment oasis in the Middle East if all necessary reforms to enhance the economy competitiveness are set and enforced, given the very few restrictions in place, the low taxes on companies and the competitive fiscal system, the free market based on private sector. Moreover, the banking sector represents the backbone of the Lebanese economy, and contributes to boosting growth as well as to reduce the negative effects of regional turmoil and the world economic recession.

Local and foreign investors benefit from a competitive business environment that is underpinned by specialized and competent labor force. Indeed, Lebanon ranked 19th worldwide in terms of education quality, and 6th worldwide in terms of the quality of mathematics and sciences. The business environment goes hand in hand with culture, civilizations diversity and multiple languages and leisure opportunities in a Mediterranean climate with exceptional touristic sites and up to date health services. Being at a crossroad between Europe, Asia and Africa, Lebanon provides an easy access to Arab, regional and world markets.

Investment incentives

Investors benefit from a series of exemptions and tax reductions during the incorporation phase and the first years of operation. By virtue of Law no360, the Investment Development Authority of Lebanon provides financial and non-financial incentives to investment projects in the sectors of agriculture, agro-food, industry, Information Technology, media, technology, communication and tourism.

Two kinds of incentives are also available; the first one is fit to large projects having a major impact on providing job opportunities. Facilities depend on the volume of investment, job opportunities and targeted sectors, as projects are granted the following privileges:

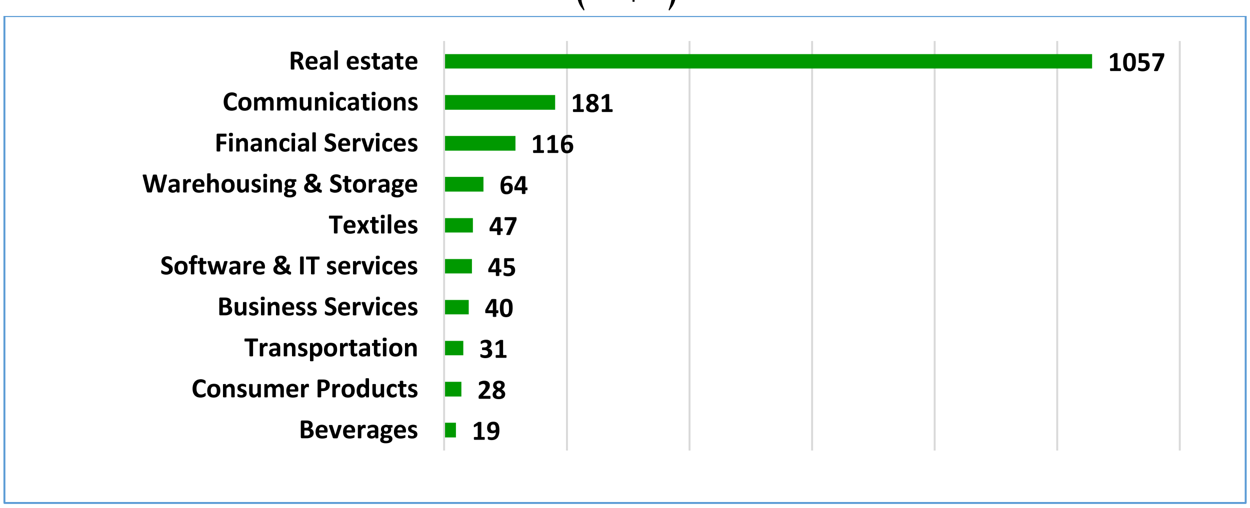
- Full exemption of fees related to land registration, and an exemption up to 10 years from the revenue taxes and taxes on projects' dividends.
- Delivering all categories work permits, and a reduction up to a maximum of 50% of work and residency permits fees, and of construction permits fees.

With regards to the second kind of incentives, they are linked to regions and appropriate for small and medium size projects. They are designed to provide support to projects in regions facing economic and social challenges, according to the geographical location, the size of the project and the targeted sector. Such projects are fully exempted for a period of 10 years from income taxes resulting from the project, and from the tax on the projects' dividends, in addition to a facilitated access to work permits of all categories.

Sectors attracting investments

The major promising sectors that should draw the interest of investors are those sectors that rely on the economic competitiveness of the country, and that are usually underpinned by three main pillars being high level education, nice climate and a developed and robust banking sector. Building on the above, the greatest opportunities lie in the therapeutic tourism sector, especially in the specialized medical rehabilitation centers, as well as in the sectors of conventional and digital media, Communication and Information Technology, software and e-commerce, food and beverage. Moreover, the non- saturated large development needs of the economy, in particular for various public services, create themselves considerable opportunities for inflowing investments.

Evolution of investment projects according to the top 10 sectors between 2012- 2016 (US$m)



Source: World Bank Doing Business 2017

Major countries investing in Lebanon in 2012-2016

Country	fdi (US$m)	Nb of projects	Nb of companies
UAE	1129	12	12
USA	224	10	10
Bahrain	70	2	2
United Kingdom	51	7	7
Kuwait	32	4	4
Germany	29	3	3
Spain	24	5	5
France	22	4	4
Bangladesh	15	1	1
Jordan	15	1	1
Other	92	14	14
Total	1703	**63**	**63**

Ibid.

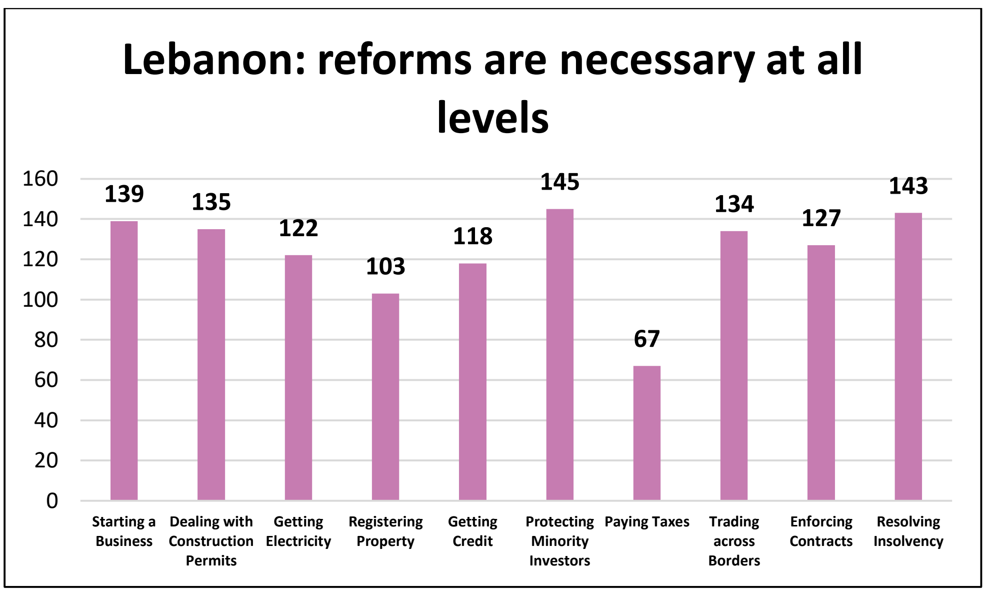
Lebanon represents an investment destination for Arab countries, as UAE take the lead of incoming investments during the period 2003-2016, that reached $US 7.76 billion representing 64.8% of the total of invested projects. They are followed by Kuwait with a value of $US 2.05 billion accounting for 17.1% of projects, then KSA with $US 1.9 billion at 15.9% of projects, Qatar with $US 104.5 billion at 0.9% of projects. Egypt, Iraq and Jordan follow with investments worth of $US 15.1 billion each, and Oman for the value of $US 12.6 billion[5].

Distribution by sectors showed that the real estate sector has attracted $US 7,58 billion in the period 2003-2016, representing 63.3% of the overall Arab investments in Lebanon. It is followed by the tourism sector with 27,8%, minerals at 2,5%, financial services at 2,3% and the leisure sector at 0.8%.

Reforms needs

Public spending policies should undergo a comprehensive revision, and waste and corruption should be reduced. Moreover, structural problems need to be radically dealt with, especially the electricity crisis, public services, infrastructure while carrying on with enforcing reforms at all levels. It is of paramount importance to work seriously in cooperation with the private sector to elaborate a new and clear vision for the economy, in order to achieve an accelerated and sustainable growth that meets future expectations and to gain a better competitive position. In fact, recent indicators issued by the World Bank show a distortion in some important and necessary areas for business performance.

Lebanon's ranking in the World Bank indicators for ease of doing business for 2017 among 190 countries



Source: World Bank Doing Business 2017

Libya: Potentials in need of investment

Resources and investment capacities

Libya extends over about 1.8 million square kilometers, which makes it the 16th largest country in the world and the third largest country in Africa. At 1955 kilometers, Libya's coastline is the longest of any country bordering the Mediterranean.

Libya has the largest oil reserves in Africa, with proven oil reserves of about 48.4 billion barrels, and reserves of natural gas 52 trillion cubic feet, and is characterized by an abundant production of light sweet crude.

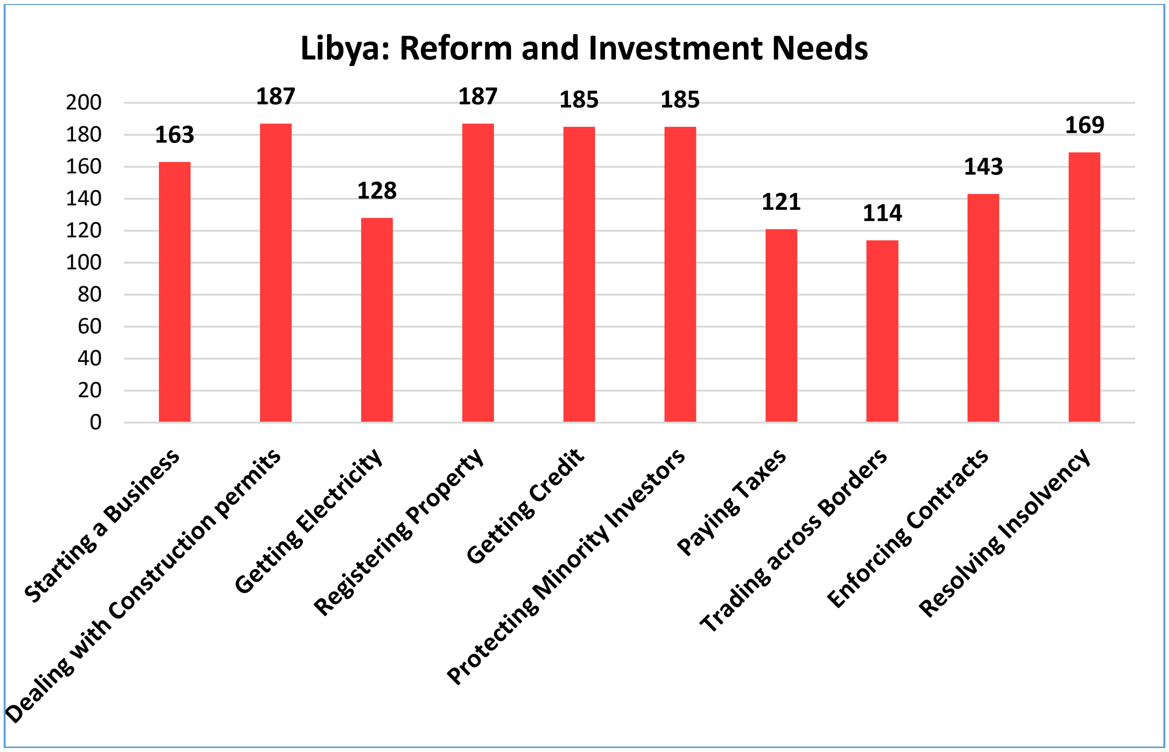
The main industries include oil and gas extraction and refining, as well as petrochemicals, aluminum, iron and steel, cement and building materials, in addition to some food, textile and handicrafts industries. The USD 30 billion worth Great Man-Made River is the main source of fresh water.

Libya has untapped tourist potential, especially as it has a collection of the largest Roman archaeological sites along its coast, as well as Greek and Turkish monuments, a wide coastline suitable for tourism investment, in addition to one of the largest deserts in the world and several areas that can be invested as natural reserves, such as the Green Mountain, which exceeds the size of Lebanon.

Implications of disturbances

The Libyan economy has been affected by the ongoing conflict and continues to suffer from recession. The World Bank estimates that GDP is only half its pre-revolution level. Budget revenues and export earnings were also at their lowest levels due to lower oil production and prices. The real incomes of the population have been eroded under the pressure of high inflation, not to mention the challenges related to instability.

Libya's ranking in the World Bank indicators for ease of doing business for 2017 among 190 countries



Source: World Bank Doing Business 2017

The challenges of reconstruction

It is hoped that the Government of National Accord (GNA) will succeed in instilling stability to move forward with reconstruction projects. Key challenges include regaining control over the country's assets, restoring oil production, rebuilding infrastructure, and encouraging investment to diversify economic activity in order to create jobs in view of achieving inclusive growth for all. Libya needs an estimated $100 billion over the next five years to build infrastructure that meets the needs of socio-economic development and attracts domestic and foreign investment.

It is important to strengthen the legislative, regulatory and institutional system to ensure that spending goes in the right direction in line with the aspirations of the Libyan people for sustainable and dignified development, and to build the state on modern foundations with a free and developed economic system based on a free market economy.

Investment opportunities

There are many investment opportunities in the areas of modernization of road networks and other infrastructure and facilities, as well as the construction of tourist resorts on the picturesque beaches and areas of the Jebel Akhar (the Green Mountain) and Zuwarah, among other regions. A railway network should be constructed to connect cities and infrastructure to each other, in addition to networking with neighboring countries so as to enhance trade efficiency and stimulate investment, especially as the vast majority of Libya consists mainly of flat land. The construction of such a network would therefore be considerably less costly compared to other countries.

Egypt: Immense potential and prospects

A promising market and serious reforms

Egypt is a major consumer market in the region and enjoys a diversified economy with huge opportunities for further growth and expansion. Egypt's labor force, estimated at 28 million workers, is the largest in the region[6]. Egypt recently adopted a reform plan to ensure financial sustainability and address imbalances, based on liberalizing the national currency, increasing the tax base, and rationalizing subsidies on fuel and electricity. The State is also moving ahead with reforms aimed at improving the business environment, mainly through:

- Reducing the time needed to register foreign representative offices launching the second phase of the electronic establishment of companies on the official website of the General Authority for Investment, and increasing the number of offices of this Authority throughout the provinces;
- Cancelling the initial industrial license;
- Establishing a start-up center to assist in the development of SMEs and their access to bank financing;
- Reducing the value of letters of guarantee required to obtain a land from industrial areas;
- Strengthening the protection of investors through the establishment of the "Committee on Investment Contract Disputes Resolution" to settle disputes between investors and government bodies and allow reconciliation.

Investment Law No.72/2017 was recently issued, which focused on equal investment opportunities for local and foreign investors, regardless of the size of the project, and on the allocation of free lands for some strategic activities, as well as on the provision of special customs outlets for the export of investment projects. The law also divided the land into two groups: Group A includes the geographical areas which most urgently need development, and Group B which includes other areas nationwide.

The new law includes several benefits and investment incentives aimed at encouraging investors and creating an investment climate for businessmen. The main benefits include:

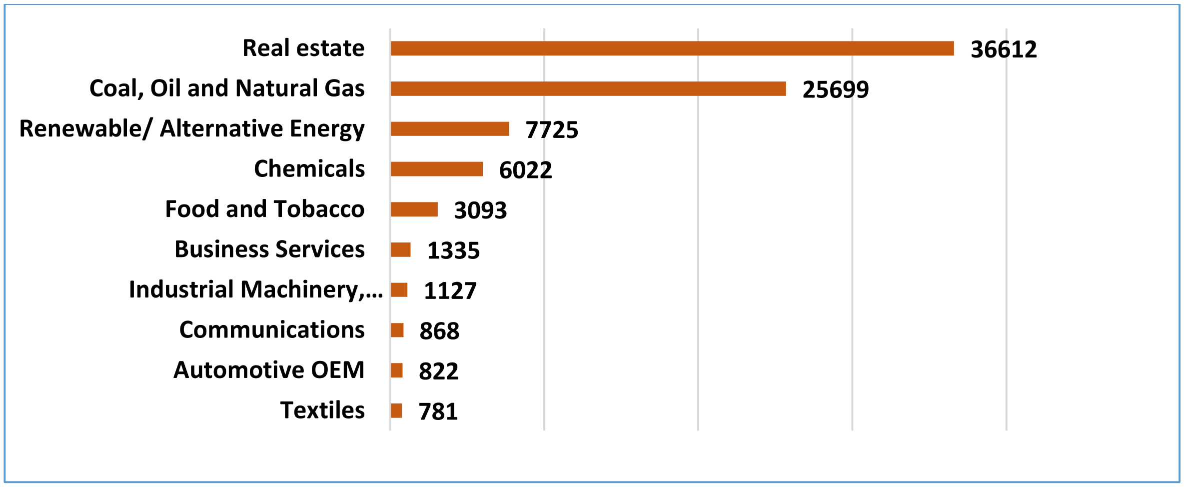
- Equal opportunities for domestic and foreign investment, fast completion of transactions, support for start-ups, entrepreneurship, micro, small and medium enterprises, consideration for social dimensions, environmental and public health protection, freedom of competition, consumer protection, governance and transparency.
- Guarantees provided to investors by granting them fair and just treatment, with a preferential treatment in application of the principle of reciprocity, granting them residence throughout the duration of the project, respect for and enforcement of contracts, guarantees of no nationalization, expropriation or funds withholding except for public utility, by a court decision and for a fair compensation which shall be remittable with no restrictions.
- Establishment of investment zones, investment one-stop-shop, accreditation offices, speed of completion of transactions, provision of information, and activation of the e-services system.
- The right to appoint foreign workers in the amount of 10% maximum of the total number of workers, with the percentage increasing to 20% in case it is not possible to appoint national workers who have the required qualifications given the nature of the project, and the introduction of a unified number for each project to be used in all transactions.
- Providing tax incentives for electricity production and distribution projects, automotive industry and its feeding industries, wood, furniture, printing, packaging and chemical industries, engineering, metallurgy and textile industries, antibiotics and food industries. These industries shall be granted a 40% deduction of the fees and taxes in Group A zones against a 30% deduction in Group B areas, provided the project is established within 3 years from the effective date of the law.

Areas of investment

The investment environment in Egypt allows many investment opportunities in various fields, based on the size of the invested capital and the target sector, mainly:

- Information technology and software: in the areas of design and production of computers and their applications and operation
- Communication and information technology, which is relatively cost-effective
- Transportation and logistics, which are considered as the most important and vital sectors
- Petrochemicals, which are considered to be fast growing sectors
- Oil and products, as well as the fields of drilling, exploration and maintenance of wells and equipment
- Industries in all its branches and fields, as well as assembly activities and feeder industries
- Education, which is one of the most successful investment opportunities, especially with the laws allowing the establishment of private universities and international schools and universities to accommodate the growth of the population
- Financial services, given their importance under the new laws governing the financial and monetary markets
- Development of new urban communities and new cities and the establishment of facilities and infrastructure
- Agriculture and related activities
- Healthcare
- Tourism and the enormous opportunities involved

Evolution of investment projects according to the top 10 sectors between 2012- 2016 (US$m)



Source: Fdi markets

Major countries investing in Egypt, 2012-2016

Country	fdi (US$m)	Number of projects	Number of companies
China	22664	20	15
UAE	17369	55	34
Greece	10000	2	1
Italy	8572	8	5
KSA	5201	29	17
Bahrein	3719	4	3
Qatar	3609	2	2
UK	2795	26	18
Germany	2359	17	11
USA	1573	38	30
Other	11391	117	96
Total	**89251**	**318**	**232**

Ibid

Indicators of a new industrial boom

According to the latest available data, the liberalization of the national currency, coupled with improved outlook for the economy, has encouraged many multinationals to boost their investments in order to manufacture their products in Egypt and adopt it as their industrial base in the region. Among the most prominent of these companies are Mars which intends to boost exports from 50-60% of its production in Egypt to 80%[7], Unilever Egypt which will double its assets and turn the country into a regional export center, and GE North-East Africa which plans to turn Egypt into a hub to manufacture its products in various fields, including health, energy and electricity. This trend is not just unique to multinationals, but also includes many other foreign and domestic companies that look positively at the improvements in the investment climate.

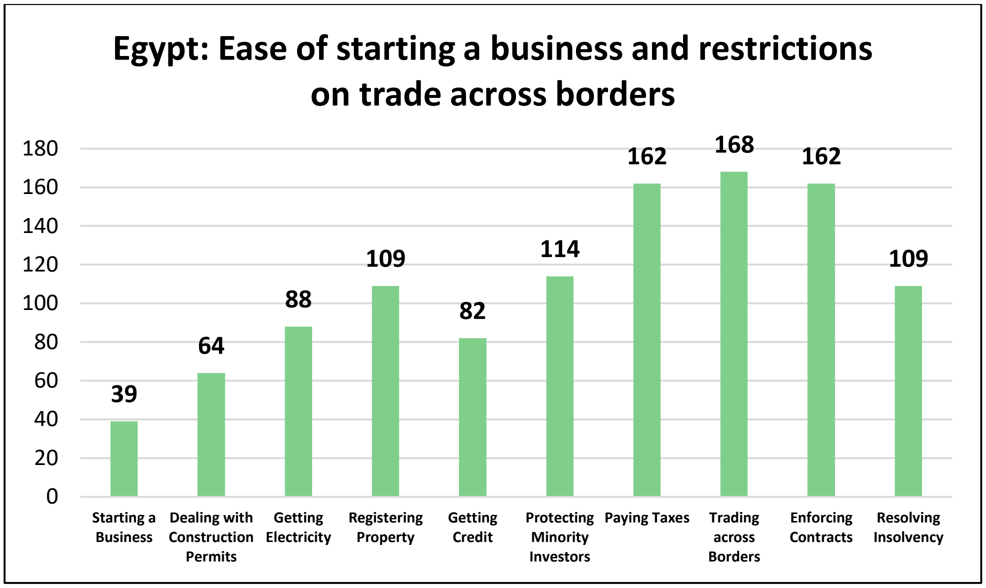
The government's supportive policies to promote investment in the industrial sector have contributed to the promotion of industrial investment, not least thanks to the new investment law granting special privileges to industrial investments. Among the top privileges granted by the recent reforms, one can cite the authority granted to the Prime Minister to offer the "Golden License" to specific investments of strategic or national importance to the Egyptian economy, which grants its holder, through a single approval, the privilege of establishing and operating the projects, and includes all the required licenses, transactions and requirements, including building permits and land allocation, among others.

Reform requirements

The government and the Central Bank have taken the right measures to curb inflation, reduce the budget deficit and put the economy on a path of stability and growth. Yet, reducing inflation is still a priority since it affects economic stability and harms vulnerable groups. It should also be noted that moving forward with reform under stressful economic conditions is not without difficulty. However, the determination to contain risks and maintain fiscal discipline will help rebuild safety margins, which will gradually reflect on the economic and social conditions.

In the next phase, it is important to address a number of constraints that are still facing local and foreign investors, notably restrictions on cross-border trade, complexities of tax collection, execution of contracts, protection of small investors and other restrictions, as laid out in the following graph, and that the new investment law will hopefully help address.

Egypt's ranking in the World Bank indicators for ease of doing business for 2017 among 190 countries



Source: World Bank Doing Business 2017

Morocco
Reform, growth and a sophisticated investment environment

Supportive investment environment

Morocco has an appropriate legal framework for investment, under which investors are granted tax breaks, along with other concessions granted under agreements or contracts concluded with the state. The incentives include the state's contribution to some investment expenditures through the Investment Promotion Fund and the Hassan II Fund for Economic and Social Development which targets modern industrial and technological sectors.

The Investment Promotion Fund grants projects in target areas of more than $ 20 million which provide some 250 jobs and contribute to technology transfer the following concessions:

- Real estate support by covering 20% of the expenses of the land required for the project.
- Contribution to up to 5% of the expenses of external infrastructure.
- Contribution to up to 20% of the expenses of vocational training.
- Additional allocations of up to 10% of the investment costs when setting up the project outside the urban areas or when investing in the spinning and weaving sector.

The Hassan II Fund for Economic and Social Development also provides support to quality industries, such as the automotive, aerospace and electronics industries, amounting to 15% of the total value of the investment, but not exceeding MAD 30 million.

Reform progress

Morocco is moving forward with its fiscal reform program, which supports the resilience of the economy to external shocks and the volatility of agricultural production, and contributes to higher and more inclusive growth for the different segments of the population. Growth is expected to rise to 4.8% in 2017, while the current account deficit is to shrink together with a rise in the total international reserves.

The reforms focus on boosting revenues, containing public spending through fiscal reform, reducing public debt to 60% of GDP by 2021, and moving towards a more equitable tax system. These efforts are crucial to expanding the financial realm needed to reduce poverty and create employment opportunities, particularly through investment and social programs targeting the neediest segments of society, thereby contributing to reducing inequality.

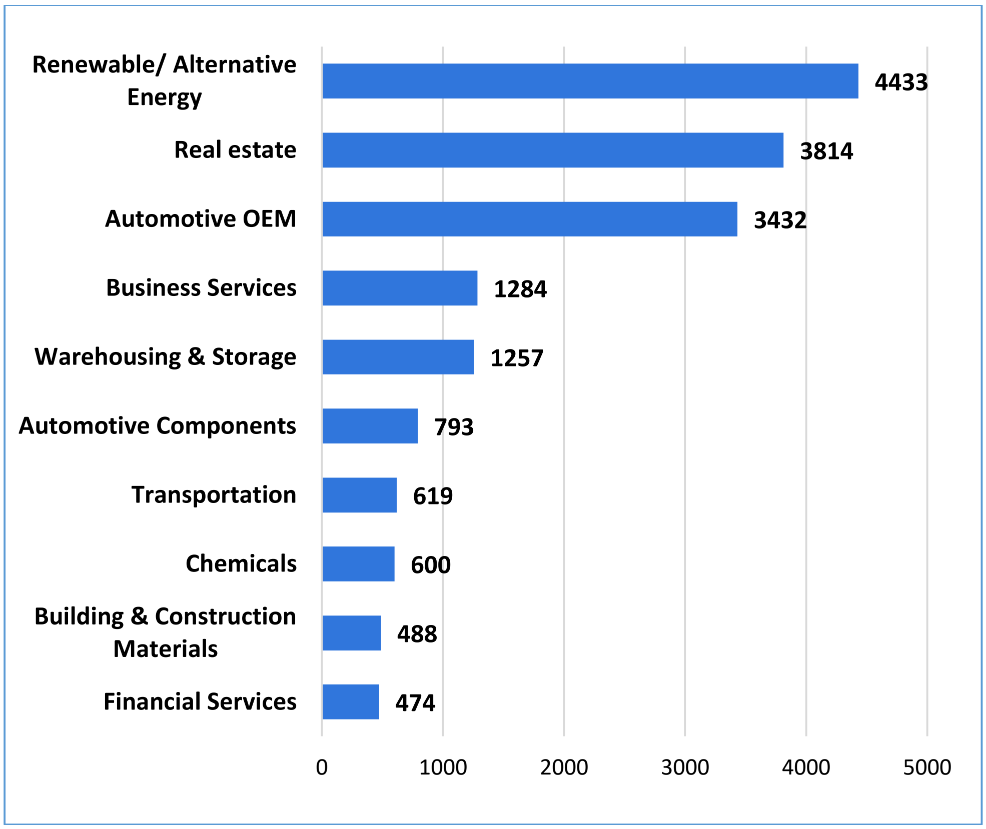
Morocco is moving towards gradual liberalization of the national currency to make it more flexible starting the second half of 2017, which will allow the Moroccan economy to better absorb external shocks and will enhance competitiveness in the future.

Investment-friendly sectors

The following figure shows the evolution of investment projects that attracted direct foreign investments during 2012-2016, based on the top 10 sectors. The renewable energy sector is at the forefront, followed by real estate, the automotive industry and business services.

The figure below shows that France, China and the UAE were among the top investors in Morocco during the period 2012-2016.

Evolution of investment projects according to the top 10 sectors between 2012- 2016 (US$m)



Source: Fdi markets

Major countries investing in Morocco, 2012–2016

Country	fdi (US$m)	Number of projects	Number of companies
France	3536	83	77
China	2811	11	10
UAE	2716	40	18
USA	1834	49	34
Spain	1606	48	45
Italy	1580	10	5
Japan	1014	13	13
Denmark	910	3	3
Canada	595	5	4
UK	568	18	15
Other	2840	69	65
Total	**20008**	**349**	**289**

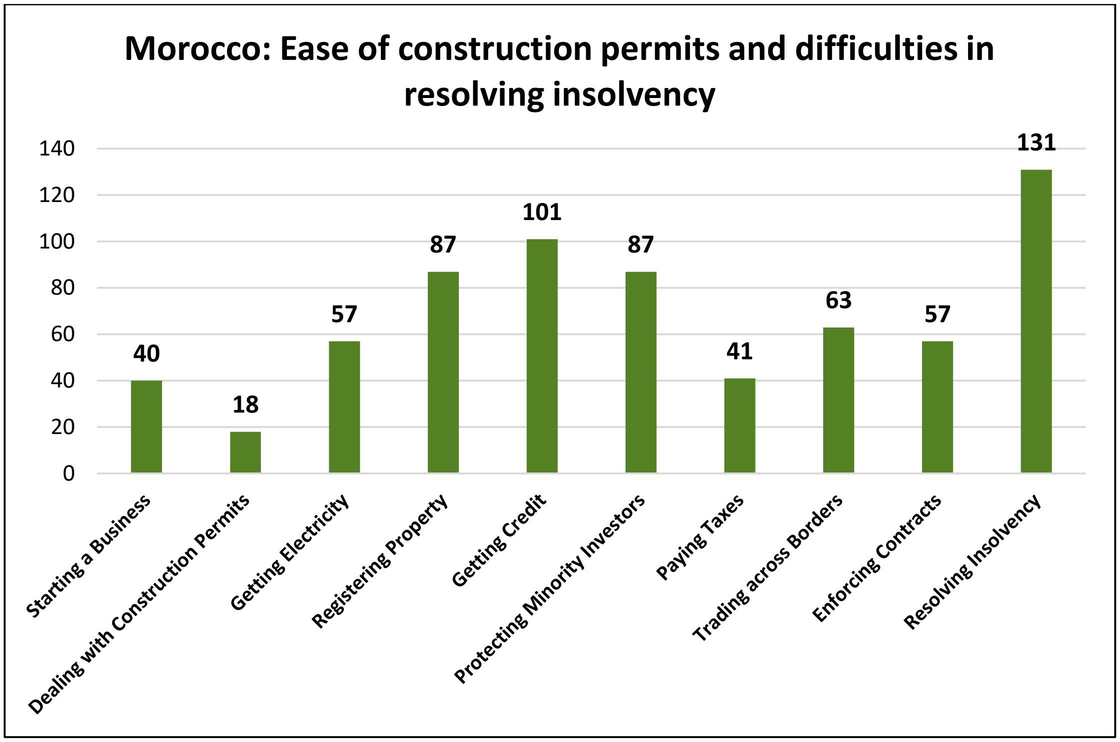
Ibid

Issues that need attention

Morocco still has a lot to do to complete the reform aimed at improving the business environment, strengthening governance, combating corruption, cutting unemployment, especially among young people, reducing regional and social disparities, and reforming education to produce a more skilled workforce.

The following figure shows Morocco's ranking in the 2017 Doing Business Indicators of the World Bank among 190 countries, where it is scoring well in a number of elements, while others need to be further developed.

Morocco's ranking in the World Bank indicators for ease of doing business for 2017 among 190 countries



Source: World Bank Doing Business 2017

Mauritania: A promising Outlook

Resources and Areas

Mauritania has significant resources for development and an extensive mineral wealth, some of which have been exploited, such as iron, copper, gold and gypsum, while others are yet to be exploited such as phosphate, sulfur and oil, where exploration is underway to extract additional quantities. Investment opportunities are available in the metallurgical industries, as well as in tourism, agro-food, chemical and other industries. Its coastal waters are among the world richest fishing ground, in addition to other investment opportunities in the agricultural and livestock sectors. Mauritania's economy depends mainly on the production and export of iron ore and the fishing sector.

Reforms implemented through 2015-2017

Mauritania has embarked on a series of reforms aimed at improving the investment climate in recent years, which can be summarized as follows:

- **2017**
  - Improved access to credit information by providing banks and financial institutions with online access to credit registry data.
  - Strengthening minority investor protection within corporate structures and management.
  - Facilitating the payment of taxes by reducing the frequency of files submission and the payment of social security contributions.
  - Facilitating cross-border trade through the upgrading of the Sydonia electronic system, which reduced the time for preparation and submission of customs declarations for both exports and imports.

- **2016**
  - Making starting a business easier by eliminating the minimum capital requirement.
  - Improved access to credit information by lowering the threshold for the minimum size of loans to be included in the credit registry's database and by expanding borrower coverage.
  - Reducing the documentary and border compliance time for importing by eliminating the preimport declaration and value attestation and making the manifest electronic.
- **2015**
  - Making starting a business easier by creating a one stop-shop and eliminating the publication requirement and the fee to obtain a tax identification number.

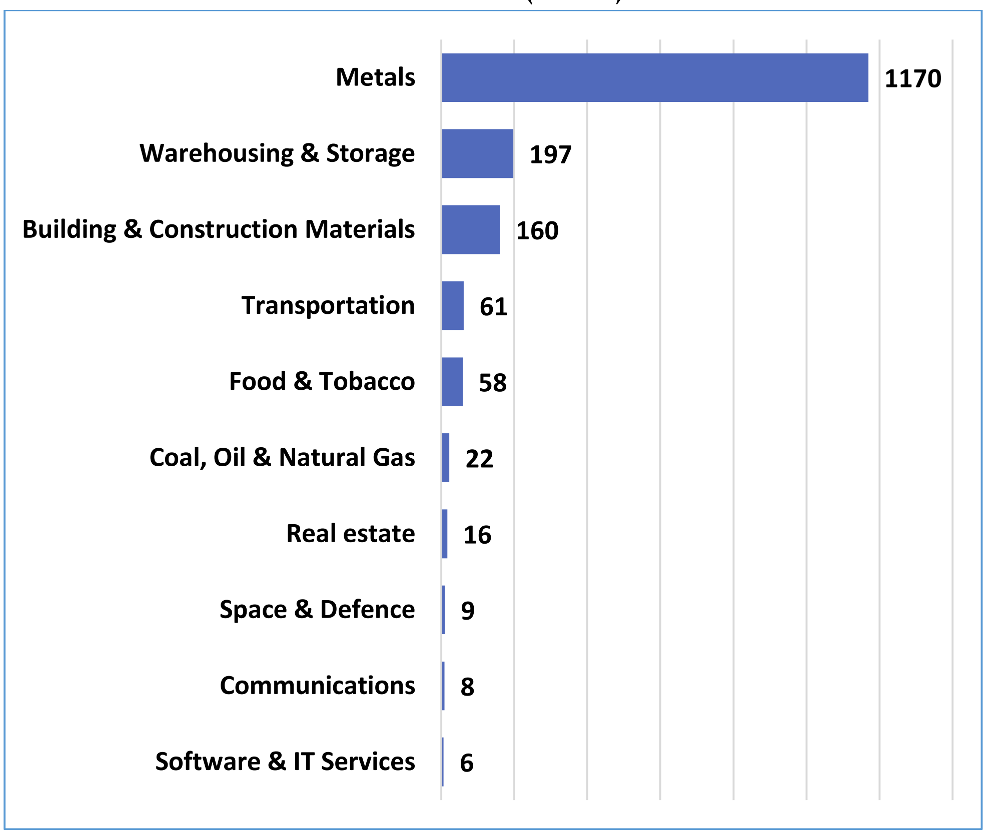
Areas of investment

Mauritania has many areas of investment, particularly:

- Metals: iron, gold, copper, and others.
- Energy: gas, oil, renewable energy.

- Fishing and its associated manufacturing and processing units.
- Agriculture and livestock.
- Desert, archaeological and recreational tourism.
- Transport, infrastructure, housing and real estate.
- Investment in the free zone of Nouadhibou which enjoys a tax and customs system that is stimulating and supportive

Foreign direct investments evolution in Mauritania in 2012 – 2016 according to the top 10 sectors (US$m)



Source: Fdi markets

Major countries investing in Mauritania, 2012–2016

Country	fdi (US$m)	Number of projects	Number of companies
Switzerland	900	1	1
Indonesia	270	1	1
France	243	2	1
Nigeria	160	1	1
Lithuania	58	1	1
UK	30	2	2
Qatar	16	1	1
UAE	15	1	1
USA	15	2	2
Total	**1707**	**12**	**11**

Ibid

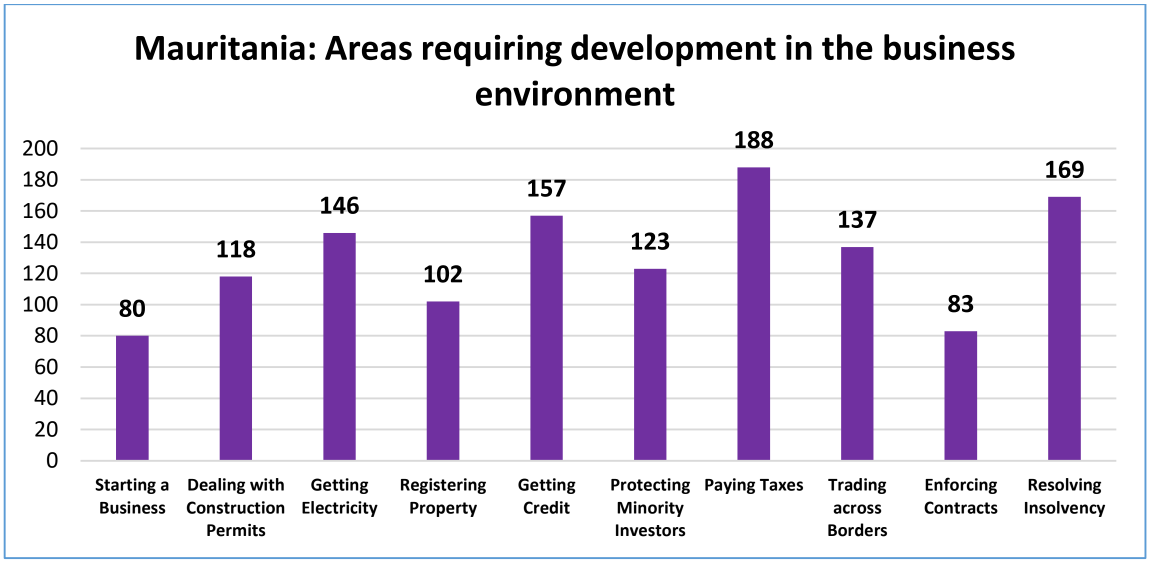
Priorities for action

Mauritania still has a long way to go to improve its investment climate and to rehabilitate the investment climate needed by domestic and foreign investors, especially in the following key areas:

- Providing modern infrastructure in terms of energy, water, electricity and roads.
- Enhancing the independence and efficiency of the judiciary and updating the appropriate legislative frameworks for investment.
- Strengthening the private banking sector, based on appropriate legislation.
- Developing a practical plan for marketing and promotion of opportunities and areas of investment.

The following figure shows development needs at all levels.

Mauritania's ranking in the World Bank indicators for ease of doing business for 2017 among 190 countries



Source: World Bank Doing Business 2017

Yemen: Between hardships and hopes

Risky hopes

Hopes are high that the ongoing conflict that has caused a humanitarian disaster will draw to an end, thus allowing Yemen to regain its vitality and a fresh impetus and attract again promising investments in various fields and opportunities that the country needs to achieve its economic and social development.

The World Bank estimates of March 2017 indicate that Yemen's GDP has shrunk by 40% since 2015, and that 17 million Yemenis are food insecure, roughly 60% of the total population, while 7 million others are suffering from starvation. Malnutrition rates have risen by 57% since 2015, reaching 3.3 million people.

About half of Yemen's population of 26.8 million lives in areas directly affected by the conflict. More than 21.1 million Yemenis, i.e. 80 percent of the population, need humanitarian assistance, while 2.8 million people have been forcibly displaced internally.

Basic services are very poor, and shortages of medicines and conflict prevent half of the population from accessing health care services. According to recent information from the World Health Organization, there are half a million suspected cases of cholera in Yemen, where the disease spread due to deteriorating hygiene and sanitation, and to the contamination and interruption of water supplies.

Prospects and glimpses of hope

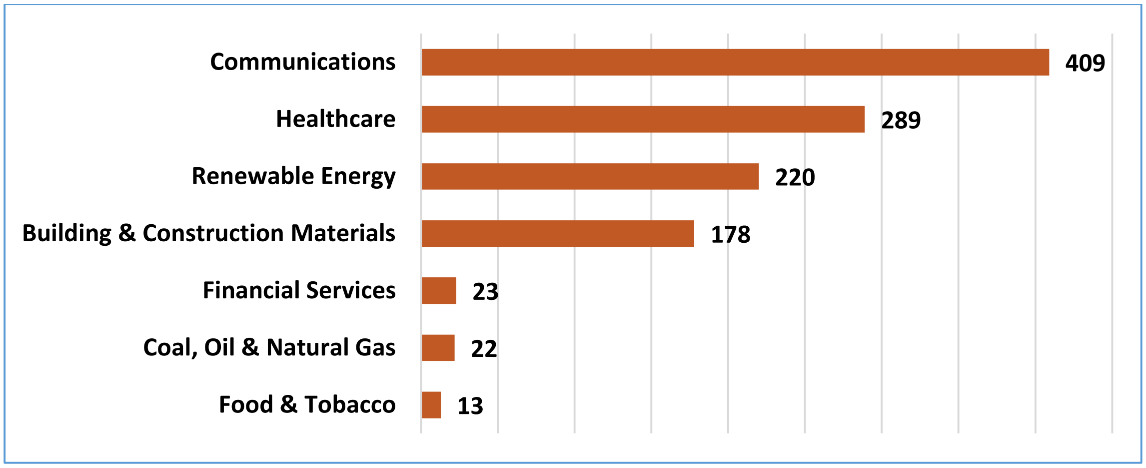
Forecasts rely heavily on a rapid improvement at the political and security levels and the end of the ongoing conflict, thus prompting the reconstruction of the human, economic, production and social fabric of Yemen.

There are promising indicators, thanks to the record increase achieved by the General Investment Authority in 2016 in the number of registered investments, by more than 44.7% year-on-year, despite the exceptional and difficult circumstances experienced by Yemen. The annual statistical report of the Authority for 2016 showed that 55 investment projects with a capital of YER 16.3 billion and fixed assets amounting to YER 10.7 billion have been registered and were distributed across 10 governorates. These projects are expected to provide 1450 jobs, including 38 projects in the industrial sector accounting for 62.6% of the total projects, and concentrated in the extractive and downstream industries. The number of projects in the services sector totaled 14 projects with a total capital of 4.9 billion riyals, mostly in the health sector and gas filling plants. In the tourism sector, two projects were invested with a total capital of 1.1 billion riyals, in addition to an investment in one agricultural project.

The number of registered investment projects in the first half of 2017 increased by 72% compared to the same period in the previous year, bringing the total number of projects to 43. Investment capital increased by 46% over the same period, likely to generate 1293 jobs.

It is hoped that things will get back to normal in order to start the process of reconstruction, where there will be large and important areas for investment in various sectors, especially the infrastructure sector, as well as the promising traditional areas in the sectors of oil, mining, industry, fisheries, livestock, housing and tourism.

Foreign direct investments in Yemen according to the top 10 sectors 2012 – 2016 (US$m)



Source: Fdi markets

Major countries investing in Yemen, 2012–2016

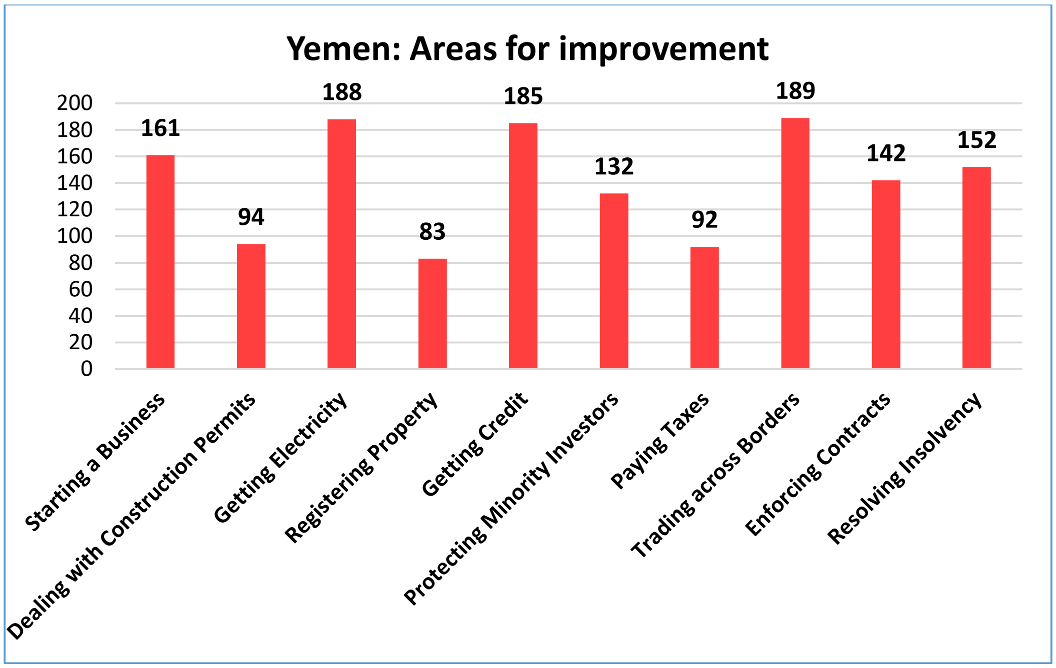
Country	fdi (US$m)	Number of projects	Number of companies
Qatar	289	1	1
India	220	1	1
Sultanate of Oman	178	1	1
China	134	1	1
Singapore	134	1	1
USA	134	1	1
France	23	1	1
Australia	22	1	1
UAE	20	2	2
Total	**1153**	**10**	**10**

Ibid

Reform needs

The following figure shows Yemen's ranking according to the World Bank indicators for ease of doing business for 2017. It is important that the reform and development process in the investment environment be launched, together with the construction and reconstruction efforts.

Yemen's ranking in the World Bank indicators for ease of doing business for 2017 among 190 countries



Source: World Bank Doing Business 2017

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[1] World Bank, **The Toll of War: The Economic and Social Consequences of the Conflict in Syria**, 2017

[2] http://www.hukoomi.qa

[3] http://lescomores.com/en/economy/investing-in-comoros.php

[4] Supreme Council for Planning and Development

[5] Byblos Bank 2017 Bulletin

[6] General Authority for Investment and Free Zones (GAFI)

[7] Oxford Business Group

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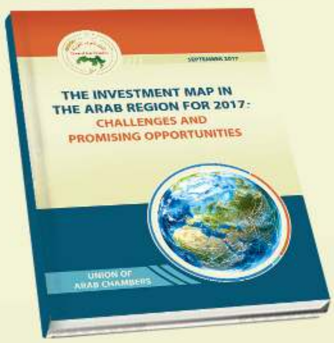

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