



An annual report issued by Dhaman since 1986 to monitor
the most important changes occurring in the investment climate in Arab countries

Investment climate in Arab countries

2025

Arab countries attracted \$123 billion but their position was below the global average in Dhaman Investment Climate Index

**The region
witnessed the
implementation
of 2,172 new
foreign projects
with Capex of
\$119 billion in
2024**

**An expected
decline in inter-
Arab investment
projects, both in
terms of number
and Capex, during
2025**

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



The first multilateral investment guarantee provider in the



of cumulative experience in
ensuring investors, exporters
and financial institutions
against commercial and
political risks

Dhaman was established in Kuwait in 1974 as a pan-Arab institution owned by the governments of Arab countries and four Arab financial institutions. Its objectives come as follows:

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

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The Report of the Investment Climate in Arab Countries

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

In this context, the report basically monitors major political, economic and social changes, as well as regulatory procedures in the Arab investment climate in line with continuously developed methods aiming at keeping abreast of specialized regional and international agencies' up-to-date data and information monitoring and provision ways.

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

In this regard, Dhaman welcomes the quote from the report provided that the source be mentioned, considering that the findings and interpretations contained in the report do not necessarily reflect the views of the corporation's Board, shareholders, board of directors or the Governments of the States they represent. Boundaries and information on any map do not mean that Dhaman may support or accept them.

**For further information on the contents
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Executive Summary

As part of the corporation's endeavor to implement its second goal of spreading awareness and promoting the climate of investment, exporting and insurance against commercial and political risks In the Arab countries, the Research and country Risk Assessment section carries out many activities. They include specialized reports, bulletins and studies, mainly the annual report on the investment climate in Arab countries, which has been published since 1985. The 40th edition of 2025 monitors changes in the components of the investment climate for 2024, particularly amid continued tense political and military events in the region due to the escalation in Gaza and conflict spillover into Lebanon, Syria, Iraq and Yemen, Sudan's continued war and critical economic and climate developments as well as their various ramifications, based on two factors:

The first factor: Ranking and rating of Arab countries in international indicators

The average Arab ranking in the composite index of assessment of investment climate components stood in 2024 at 103rd position globally to remain below the global average.

The GCC countries and Morocco continued to lead the Arab average by securing a better ranking than the global average in the index. Topping the average, the UAE came 16th globally, followed by Qatar (33rd globally), Saudi Arabia, Kuwait, Oman, Bahrain and Morocco from 40th to 73rd respectively.

Jordan and Algeria were better than the Arab average between 83rd and 94th globally. Twelve Arab countries were below the Arab average between 104th (Egypt) and 158th (Somalia).

The ranking of 13 Arab countries improved in the composite index to assess the components of the investment climate during 2024, while the ranking of seven other countries declined and Somalia's ranking stabilized. The following are main changes in the Arab ranking in the major components of the index:

- **First: Political and security performance indicators (33 main indicators and sub-indicators):** Due to lingering disturbances and armed conflicts in several Arab countries and escalating economic crises in 2024, the average ranking of Arab countries dropped by five positions to 112th globally as a result of the declining Arab ranking in commercial and investment risk assessment indicators and PRS index for country risks between two and three positions. But, it advanced in sovereign rating indicators issued by Standard & Poor's, Moody's, Fitch and Capital Intelligence for six countries: Qatar, Kuwait, Oman, Jordan, Egypt and Tunisia by the end of 2024. The ratings stabilized in

UAE, Saudi Arabia, Morocco, Bahrain and Iraq, while declined in Lebanon.

- **Second: Economic performance indicators (14 main indicators and sub-indicators):** The average ranking of Arab countries fell by five positions to 100th globally owing to the decline in the average ranking of Arab countries in 8 major internal performance assessment indicators and four external dealing indicators. Still, it advanced in two indicators: the gross investments as a percentage of the GDP and the government debt indicator as a percentage of the GDP.
- **Third: Legislative and regulatory environment indicators (60 main indicators and sub-indicators):** The average ranking of Arab countries stabilized at 112th globally in 2024, but it remained below the world average as a result of the decline in investment treaties by three positions. It stabilized in the bilateral investment treaties, while improved between one and eight places in the indicators of global governance, electronic government, economic freedom, Legatum prosperity, bribe risks, corruption perceptions, Global Startup Ecosystem Index and world competitiveness.
- **Fourth: Indicators of production elements (110 main indicators and sub-indicators):** The average ranking of Arab countries stood at 103rd globally between 2023 and 2024 to remain below the global average. It dropped in four main indicators: Sustainable Development, Energy, Knowledge and Innovation. But, it stood in Sustainable Competitiveness and Competitive Industrial Performance. while advanced in seven main indicators: Production Capacity, Logistics Service, Energy Transition, Digital Competitiveness, Talent Competitiveness, Government AI Readiness, and technology readiness.

The second factor: Foreign direct investment in Arab countries during 2024

First: Foreign direct investment inflows (UNCTAD)

- Despite the challenges the region experienced in 2024, FDI inflows into Arab countries rose by 53% to \$122.7 billion, making up 14.2% of overall inflows into developing countries and 8.1% of overall world inflows worth around \$1.5 trillion.
- FDI inflows into the Arab region continued their geographical concentration in 2024, as five countries had roughly 97% of the total inflows, led by Egypt, attracting \$46.6 billion, making up 38%.
- FDI stocks into Arab countries rose by 8.8% in late 2024, reaching \$1.2 trillion, led by UAE, Saudi Arabia, Egypt, Lebanon and Oman, by 73% by the end of 2024.

Second: Greenfield FDI projects in Arab countries (FDI Markets)

- The number of greenfield FDI projects in Arab countries rose by 3% to 2172 projects in 2024, amid the decline of the investment capex by 38% to \$119 billion, with the decline being expected to continue in 2025. While the number of projects increased by 21% from January to April 2025 compared to the same period in 2024, the investment capex decreased by 61% to about \$22 billion.
- The Middle East region led the list of key investors in the Arab region in view of the capex, led by the UAE, which contributed to \$42.7 billion and 36% of the total capex,

and 5.3% of the number of projects. FDI projects distributed geographically on a limited number of countries led by the UAE, which attracted 1325 projects, while Egypt came first in view of the capex by over \$54.5 billion.

- Regarding sectoral distribution, business services, software and IT, and financial services had the first three positions respectively by 57% in the number of projects, while renewable energy, real estate and communications had the first three positions respectively by 64% in the total Capex.

Third: Inter-Arab investment projects

- The number of inter-Arab investment projects went down by 17% to 260 projects, and the capex fell by 35% to \$45.5 billion, making up 38% of the region's overall FDI.
- The UAE represented the first destination in terms of the number of projects (83 projects), while Egypt led the list in capex (\$27.2 billion, making up 60% of the total). Business services led the list in the number of projects (77 projects), and real estate came first in the capex (\$24 billion).
- The number of inter-Arab projects is expected to decrease by the end of 2025, particularly in the light of their drop by 5% in the number and 92% in the capex to \$1.9 billion from January to April of 2025, compared with the same period of 2024.

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Changes in the investment climate in Arab countries in 2024



Improvement

In ranking of 13 Arab countries in the "Dhaman" Investment Climate Components Index for 2024

I: Indicators of

Political and Security Performance

Drop by
5 places
in average ranking
in 33 indicators

II: Indicators of

Economic Performance

Drop by
5 places
in average ranking
in 14 indicators

III: Indicators of

Legislative and Regulatory Environment Assessment

Stability
of average ranking
in 60 indicators

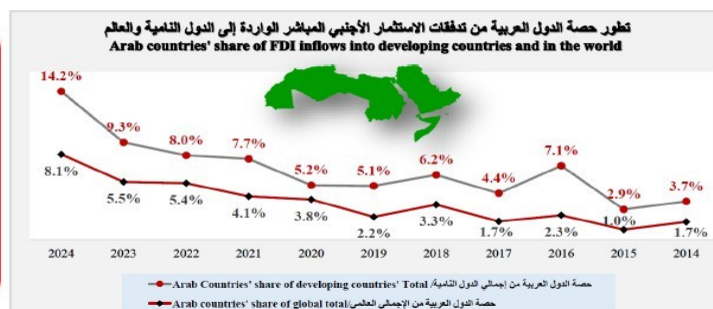
IV: Indicators of

Production Elements

Stability
of average ranking
in 110 indicators

Foreign investment monitoring varied between an increase in inflows to the region to \$122.7 billion and a decline in project costs to \$119 billion

**Inter-Arab investment
is expected to decline
by 35% to \$45.5
billion in 2024, and to
continue declining
through 2025**



**Egypt is the most
important recipient of
inflows, with a 38%
share, and foreign
projects with a 46% share.
The UAE is the most
important investor in the
region, with a 36% share
of project costs by 2024**

Source: The Annual Report on the Investment Climate in Arab Countries 2025



وضع الدول العربية في المؤشر المجمع لمناخ الاستثمار ومكوناته الأربعة لعام 2024 (متوسط الترتيب العالمي)

Ranking of Arab countries in the investment climate combined index and its sub-components for 2024 (the average global ranking)

Arab Ranking	Country	مؤشرات تقييم الأداء الإقتصادي	مؤشرات تقييم الوضع السياسي ومخاطر الدولة	مؤشرات تقييم عناصر الإنتاج	مؤشرات تقييم البيئة التشريعية والتنظيمية	المؤشر المجمع لتقييم مناخ الاستثمار	الترتيب عالميا		الدولة	الترتيب عربيا
		Indicators for Evaluating the Economic Performance	Indicators for Evaluating the Political & Situation Country Risk	Indicators for Evaluating Production Factors	Indicators for Evaluating the Legislative and Regulatory Environment	The Combined Index for Investment Climate Assessment	2024	2023		
1	UAE	38	28	32	31	32.0	16	17	الإمارات	1
2	Qatar	46	34	52	55	46.7	33	36	قطر	2
3	Saudi Arabia	60	40	50	62	53.1	40	35	السعودية	3
4	Kuwait	58	47	75	67	61.8	50	47	الكويت	4
5	Oman	62	51	67	70	62.4	51	53	سلطنة عمان	5
6	Bahrain	78	80	69	64	72.9	58	61	البحرين	6
7	Morocco	95	68	81	88	83.0	73	77	المغرب	7
8	Jordan	123	97	78	70	91.9	83	82	الأردن	8
9	Algeria	90	91	101	116	99.6	94	95	الجزائر	9
10	Egypt	119	117	85	103	105.8	104	98	مصر	10
11	Tunisia	130	118	82	94	105.8	105	107	تونس	11
12	Iraq	80	139	127	153	124.9	128	130	العراق	12
13	Libya	86	138	142	150	128.8	134	121	ليبيا	13
14	Lebanon	145	153	100	123	130.2	135	143	لبنان	14
15	Djibouti	109	138	131	143	130.3	136	140	جيبوتي	15
16	Mauritania	105	141	132	144	130.6	137	142	موريتانيا	16
17	Syria	117	170	153	159	149.8	153	155	سوريا	17
18	Palestine	154	183	110	160	151.6	154	152	فلسطين	18
19	Sudan	135	169	163	161	156.9	156	157	السودان	19
20	Yemen	140	172	160	165	159.4	157	151	اليمن	20
21	Somalia	123	173	171	181	161.8	158	158	الصومال	21
Average Arab countries		100	112	103	112	106.6	103	103	المتوسط العربي	
Maximum Rating		154.3	182.5	170.6	180.5	161.8	158	158	الحد الأقصى للتصنيف	
Minimum Rating		33.2	1.6	5.5	6.9	15.2	1	1	الحد الأدنى للتصنيف	
Global Average		92.5	84.8	79.7	87.9	86.2	79	79	المتوسط العالمي	

- **The General Index for Assessing Components of the Investment Climate in Arab countries:** It was made by the Research and Country Risk Unit by relying on each country's average global ranking in 190 main and sub-indicators covering four key groups representing its investment climate components, coming as follows:
 - ◆ Political and security performance indicators (37 main and sub-indicators).
 - ◆ Economic performance indicators (14 main and sub-indicators).
 - ◆ Legislative and regulatory environment indicators (55 main and sub-
- indicators).
 - ◆ Indicators of production factors (84 main and sub-indicators).
 - The index was calculated by using equal relative weights for the four groups regardless of the number of each group's main or sub-indicators.
 - The average ranking of countries was calculated through a simple average of their rankings in the indicators on which data is available in each group just as is the case in global and digital competitiveness ratings.

Remarks and clarifications about the 2025 report

- Having monitored changes in the investment climate in Arab countries for 2024, the Corporation's Research and Country Risk Assessment Department hinged upon calculating a composite index of the average ranking of Arab countries in around 217 of the most important and comprehensive composite and sub-indicators of the elements influencing the investment climate components, issued by 35 specialized international agencies.
- This year's report embraces a number of new indicators: the United Nations E-Government Index 2024, the Productive Capability Index 2023 and the Frontier Technologies Readiness Index 2024, both issued by the United Nations Conference on Trade and Development (UNCTAD), and the Competitive Industrial Performance Index 2024, issued by the United Nations Industrial Development Organization (UNIDO).
- The Corporation's research team ranked world and Arab countries from best to worst in international indicators and their sub-components, based on their total points in those indicators with a view to illustrating the changes in each country's position in the investment climate and related indicators, thus enabling decision-makers to identify strengths and weaknesses in each field and the required mechanisms to advance the country's position.
- A country's global ranking in the index may change even if its value in the index remains unchanged. A country's index value may also change, but its global ranking does not change. This is owing to a possible change of the index values in other countries or in the number of countries included in the index compared to the previous year.
- Several sub-indicators are repeatedly included in more than one composite index, such as "infrastructure, governance and human capital." At the same time, the ranking of Arab countries in these indicators differs despite the similarity of the name due to several differences between these indicators in view of the methodology used, the relative weights of the variables, the number of countries included, and the reference period of data collection.
- The number of countries included in the composite index may differ from the sub-indicators of the index itself, given the mixed level of data availability at the level of sub-indicators, just as is the case with the indicators of governance and economic freedom.
- Conditional coloring (green, yellow and red in their degrees) and change keys (rise - stability - decline) were used to assess the countries' ranking and make it easy to identify a country's position in that index, thus helping recipients and decision-makers identify the strengths and weaknesses in the composite and sub-indicators, and to arrange reform priorities.
- The Corporation was keen in its report on giving a precise, modern and comprehensive picture of the actual performance of Arab countries in foreign direct investment. Consequently, it hinged upon two sources of data according to professional conditions, mainly the unification of the data preparation methodology, which includes:
 - ◊ The United Nations Conference on Trade and Development (UNCTAD) database, which monitors the inflows and stocks of foreign direct investment (FDI) from and to Arab countries, based on their balances of payments prepared by central banks as per the instructions of the International Monetary Fund (IMF). It is the official and internationally recognized source of data on FDI worldwide.
 - ◊ FDI Markets, a database of global foreign direct investment projects, monitors greenfield and expanded foreign direct investment projects. This database provides up-to-date estimates of the number of projects, their estimated Capex, job opportunities, contractors, and geographic and sectoral distribution. The monitoring is based on the date of signing agreements between the investing companies and host countries or upon announcing them by concerned bodies.

Should international data preparation standards be followed, official government sources in Arab countries can also provide more comprehensive, precise, and up-to-date data, particularly regarding sectoral and geographical distribution.

In conclusion, it is noteworthy that international and local institutions may issue different data owing to several considerations, chiefly the methodology used and the reference period of data collection.

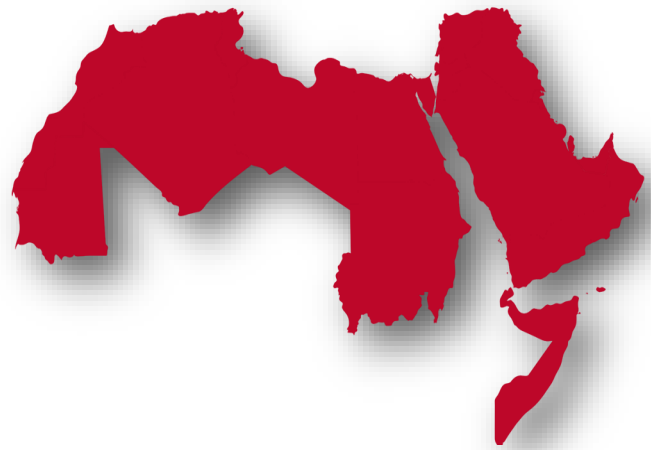


The year 2024 was the scene of a series of political and economic events that affected the Arab region's investment climate components, mainly the continued war on Gaza and the conflict spillover into Lebanon, Syria, Iraq and Yemen, the escalating war in Sudan, not to mention critical economic and climate developments. This has, thus, culminated in the decline in the average Arab ranking in the indicators of political, security and economic performance during 2024 and reduced the FDI Capex by 38%, compared to 2023.

Nevertheless, in spite of these challenges, the average Arab ranking stood in the indicators of legislative and regulatory environment and production factors. The number of FDI projects also rose by 13% to 2,172 projects in 2024, and FDI inflows into the region went up by 53% to \$122.7 billion during the same year, making up 8.1% of overall global inflows and 14.2% of developing countries' overall inflows.

Given the rapid political, security or economic changes since early 2025, chiefly the Iran-Israel war in June 2025, mounting US tariffs on several countries, with a minimum of 10%, and growingly fierce world competition over FDI attraction, and despite the previous efforts of the region's countries to improve the investment climate and business environment, there are still several political, economic and institutional challenges that require integrated plans to advance the investment climate with its various components. Therefore, the report recommends that Arab governments continue economic reforms that contribute to promoting the investment climate and business environment, to become attractive destinations for foreign investment in various forms, through the following:

1. Following up on the investment climate indicators issued by international bodies on a regular basis and acting for improving the Arab ranking by considering successful international experiments in this field according to a specific timetable to facilitate investment and encourage Arab and foreign investors.
2. Taking advantage of the high US tariffs on some non-Arab countries to draw foreign investment to the Arab region in high-tax areas and sectors in which Arab countries enjoy competitive customs duties.
3. Maximizing Arab countries' benefits from various insurance services for trade, investment, and financing operations provided by national, private and multilateral insurance agencies, primarily Dhaman's services, in a way that supports the region's transformation into a more attractive investment and trade environment. It noteworthy that new trade, investment, and finance insurance operations worldwide hit roughly \$3.3 trillion in 2024, according to a Berne Union report issued in May 2025. This is ascribed to the advantages of insurance operations, mainly including providing a safe investment, finance and business environment, transferring political risks from the investor, compensating him in the event of the occurrence of covered risks, and enabling investors, exporters, importers, and financial institutions to enter promising and profitable but high-risk markets and sectors.



4. Exerting deliberate efforts to advance Arab credit ratings by international agencies, thus augmenting their attractiveness and ability to attract foreign investment, as this is one of the pillars used by international investors to assess a country's investment climate and, thence, make investment decisions.
5. Developing simultaneous and effective sectoral strategies to support a country's investment climate components by depending on the international best practices and according to priorities, stimulating reform policies based on trade liberalization, improving public services, developing inter-Arab investment, taking all measures to promote political, institutional, economic, legislative and procedural infrastructure, promote infrastructure and technology and developing manpower, according to specific timetables.
6. Boosting inter-Arab investment by easing investment and business restrictions between Arab countries, and creating integrated investment, industrial, and production partnerships to back development and economic integration through interconnected production chains.
7. Building an integrated environment that supports digital transformation by encouraging initiatives, strategies, and policies aiming at stimulating innovation and creativity in various fields, and backing the introduction of artificial intelligence technologies into all sectors to advance their position in infrastructure and technology indicators and keep pace with global advancement.
8. Continuing the inventory of investment opportunities and their sectoral and geographical distribution and continuously updating them to include significant, vital and prioritized sectors so as to shore up a country's business environment and introduce suitable opportunities to targeted local and international investors.
9. Promoting investment opportunities and benefits by means of finding a marketing content to promote investment at the level of diverse regions and sectors. This is aimed at promoting a state as a destination of investment, trade, technology transfer, tourism and others, through a uniform national identity to promote and attract investments. It is also essential to carry on communication with investors, upgrade the level of investment activities and forums, and empower and back chambers of commerce and business organizations in all phases of promotion and marketing.
10. Clinching the largest possible number of investment agreements, whether bilaterally or through ones with investment provisions, with the purpose of backing the investment climate, boosting international investors' confidence in a state's ability to support and protect foreign investments on its soil.
11. Continuously assessing and reviewing investment climate reforms in tandem with internal and external changes, as a dynamic, continuous and multifaceted process that is linked to competition and international changes in investment attraction factors.
12. Providing the necessary financial, technical and human support for completing or developing a country's investment climate improvement plan as soon as possible, in collaboration with specialized local and international bodies. In this regard, the views of existing and targeted local, Arab and international investors should be taken into account, while carefully addressing the obstacles they may face in order to create the investment climate and simplify procedures amid the local, regional and international developments.



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