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Determinants of Foreign Direct Investment in Egypt.

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Abstract: *Foreign Direct Investment in Egypt is considered as one of the critical tools to boost economic growth and contribute to economic development. This research used qualitative methodology depending on observations and analysis of facts within the observations to reach to a conclusion and recommendations about the attractiveness of FDI in Egypt. Based on previous literature review, there are several factors that affect the attractiveness of foreign direct investment such as market size, interest rate , inflation ,exchange rate, infrastructure , energy and Transparency . This research is an attempt to highlight the actual development that took place in Egypt regarding theses factors in order to attract more FDI.*

Keywords: *Foreign Direct Investment (FDI) , Economic Growth , Investment Environment , Macroeconomic Factors, Infrastructure Factors , Transparency and Anti-corruption.*

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I. Introduction

Foreign direct investment (FDI) is considered as an essential generator of economic growth. (Kurecic and Kokotovic ,2017) and it is often affirmed that FDI is favorable for economic growth in the host economy. (Jorge and Werner, 2018). Foreign direct investment (FDI) is seen as a critical stimulator for productivity benefits through the introduction of new production processes and know-how, managerial skills, training of employee and access to international markets.(Jude and Levieuge,2017). The FDI are also attractive for their ability to improve the economic growth, in particular through the development of local investment, creation of employment opportunities, enhancements in the Balance of Payments, and the improvement of competitiveness of the domestic economy (AZEROUAL,2016). FDI could be viewed as one of the most important channels of technology transfer across borders. As a result, many countries compete against each other to attract more foreign direct investment due to technology transfer benefits. (Zghidi *et. al.*,2016).

II. Research Problem

Egypt is suffering from deficit in trade balance and devaluation of Egyptian pound against USD. In addition to increase in inflation rate and increasing the unemployment rate particular in youth community. In order to accommodate the large number of unemployed youth, and to achieve social safety in the community, which has seen two revolutions in less than two years and a half and in order to achieve social justice and human dignity and reduce inflation rate beside strengthen the production process which will affect the valuation of EGP against USD . Egypt has to increase investment rate across all economic sectors. The foreign direct investment is considered as one vital tool to participate in increasing of investment rate in Egypt and to solving such economic problems. Accordingly, more attention is required to study and investigate main factors that affect the foreign direct investment flow and make investment environment in Egypt to be more attractive than other countries.
Therefore, the research questions are:
What are the main factors that affect the attractiveness of foreign direct investment in Egypt?
What are the recommended actions required to boost FDI in Egypt ?

III. Research Objective:.

The main objective of this research is to investigate the main factors that have a significant impact in attracting the Foreign Direct Investment in Egypt and to suggest some recommendations to increase the foreign direct investment flow to Egypt.

IV. Research Methodology

This research used a qualitative approach relying on observations and analysis of facts within the observations to reach to a conclusion and recommendations about the attractiveness of foreign direct investment in Egypt.

V. Literature Review

The sophistication of the economic events has generated increase theoretical and empirical researches that able to explain the wide range of economic phenomena.

One of the main and the most critical factor that has an influence on the growth and the development of any country is the flow of investment. For sure there are several variables that may affect the investors' appetite to direct and allocate their investment into specific country. In this context several researchers argued that the size of the market , the macroeconomic variables and the efficiency of the capital market are the main factors that influence the investment appetite of local and foreign investors . (Love and Lage Hidalgo, 2000) and (Charkrabarti, 2001)

5.1Theoretical Background

Generally , There are two types of theories that belong to foreign direct investment: The first Theory is Classical or traditional theory ,and the second one is the Modern Theory.

5.1.1Classical Theory :

This theory stated that the only beneficiary of the foreign direct investment in the host country is the multinational companies . Abou Kahf (2004), argued that the benefits and advantage obtained by the multinational company from FDI could be summarized as follows:

1.The small size of the foreign capital inflow to the host countries to a degree that does not justify opening the door for this type of investment.

2. Multinational corporations tend to transfer as much profit as possible from their operations (to the parent country) instead of re-investing in the host country.

3. Multinational corporations should transfer technology that does not meet the requirements of the economic, social and cultural development of host countries.

4- The production of multinational companies may lead to the creation of new patterns of consumption in host countries that do not meet the requirements of comprehensive development in these countries.

5. The existence of multinational corporations may result in widening the gap between the members of society in terms of the structure of income distribution, through the high wages they provide to their employees compared with their peers from national companies

6. The presence of foreign companies may directly affect the sovereignty and independence of the host State by:

- Adoption of technological progress in host countries to foreign States.
- Creation of economic dependence or reliance on the parent countries of the foreign companies.
- Foreign / multinational companies may exert considerable pressure on political institutions in the host country to achieve their own purposes.
- In the case of small economies, it is difficult to control the monetary and financial policy of host countries because of the ability of foreign firms to provide large amounts of money from abroad that adversely affect the balance of payments, exchange rates and inflation rates.

5.1.2.Modern Theory :

On the other hand there is another theory called Modern theory which indicate that both parties : Multinational firms and the Host Country have a common interest relationship, each relying on or benefiting from the other to achieve a goal or set of specific objectives. In other words, there is no one-sided game as alleged by the classics. But it is a special game in which each party gets a lot of revenue accordingly it's a win-win situation. However, the size, number and type of returns received by each Party depend on the policies of the host country (Abou Kahf, 2004).

This theory asserts that foreign direct investment in host countries helps to achieve the followings:

1. Exploitation and utilization of the available physical and human resources available in the host countries.
2. To contribute to the creation of economic relations between the sectors of production and services within the host countries, thus helping to achieve economic integration.
3. Creating new export markets and thus creating and developing economic relations with other foreign countries.
4. Reduce imports.
5. Previous benefits have the effect of improving the balance of payments of the host State.
6. Increase Capital inflows.

7- Contributing to the training of the local workforce.

8 - Transfer of technological techniques in the fields of production and marketing and the exercise of activities and administrative functions and others.

5.1.3.Market structure Theories :
According to these theories, institutions that invest abroad need to have a monopolistic advantage
(Or competitive advantage in one of the following three elements):
- Cost of capital,
- economies of scale,
- Research and development expenses

There are two theories that dealt with FDI from the standpoint of market structure , namely :A Product lifecycle theory and Market imperfection theory

5.1.4.Product life Cycle theory.
Based on this theory the product life cycle consists of three stages

1st stage -New product stage:
The stage at which the product is invented and offered for sale for the first time.The new product are invented in developed countries because of the development of scientific research and abundance Skilled labor in addition to huge corporate spending on innovation and development research. It also produces and markets the product - at this stage - in the same country of innovation for several reasons including:
-The instability of the final status of the new product and the possibility of changes in it when used in the early stages
-High production costs at this stage (including research and development costs), which makes the price of the product to be very high.
-The new invented product will be sold to high income markets and at this stage there is no need for foreign direct investment .

2nd Stage -Mature product stage:
At this stage the final form of the product has stabilized and the research and development cost is decreased, too, which contributes to lowering product price. A substitute could be appeared at this stage.

3rd Stage- Product standardization Stage: At this stage, the product becomes standard and the Competition between institutions is focused on price. Accordingly, the Foreign direct investment is raised due to low production cost and capability of companies to produce outside their home countries to generate more profits.

5.1.5.Market imperfection theory
This theory first introduced by Hymer-Kindleberger (2011) , This theory asserts that the movement of capital across countries is based on the followings ;
1-The profit generated in the host country should exceed the profit generated in the mother country.
2- The international companies should have a competitive advantage over the national companies of the host countries in terms of advanced technology and knowhow.

Based on the above, the foreign direct investment is a result of avoiding market full competition in the mother country .Accordingly , companies are seeking for another market to invest and to increase their profit generated form host countries .

5.2.Empirical research on the determinates of FDI :
What are the key drivers that determine FDI is a critical question that attracts several researchers.
Blonigen and Piger (2011); and Hornberger, and Kusek (2011) , argued that FDI could be interpreted and driven by several factors based on different perspectives such as :
- Market perspective: The size of the economy in addition to the location of the country.
- Efficiency perspective: The quality of the infrastructure in addition to human capital.
- Natural resources perspective: The available volume of natural that could support FDI.
- Strategic Asset perspective: FDI go after strategic assets such as advanced technology , brand and/or effective distribution channel.

The quality of the institution and the regulatory framework are considered as a significant factor in determining FDI. In this matter, Jude and Levieuge (2017) argued that weak institutions are likely to be responsible for several economic problems in developing countries, such as weak investment, delayed productivity growth, low level of per capita income and overall slower output growth. Oppositely, good institutions guarantee efficient factor allocation, qualify investment in higher-return activities, minimize uncertainty, favor interchange between private and social returns and facilitate economic agents' coordination. Based on this argument, a favor level of institutional development will lead to synergy between foreign direct investment and local companies and accordingly increase the level of productivity.

Kurecic and Kokotovic (2017) ,studied the importance of political stability on foreign direct investment (FDI) and the significance effect of FDI on economic growth, in three panels. The first panel consists of eleven very small economies; the second consist of five stable countries from political perspective in addition to well developed economies with highly positive FDI net inflows, while the third panel contains economies that are exposed to political violence or targeted by the terrorist attacks. The results revealed that there is no significant impact of political stability on the economy of well developed countries or on the large countries , however there is a negative significant impact of political instability on economies of small countries .

Elkomy, and Read (2016*)*, Examined the role of human capital and political development in determining the effect of foreign direct investment (FDI) on growth for a panel contains of sixty one transition and developing countries for the period from 1989 till 2013. The results confirmed that the interaction effect of FDI and human capital on economic growth is vary across different countries based on the political regime type of the country . The results also revealed that Political development in conjunction with FDI tends to inhibit the effects of foreign direct investment on growth in authoritarian countries while boosting them in hybrid democracies. For more democratic countries, domestic investment is a vital driver of growth. While the impact of Foreign Direct Investment on economic growth in the ten transition economies included in the sample data set are found to be insignificant.

Zghidi et. al.(2016) , investigate the relationship between foreign direct investment , economic growth and economic freedom in Egypt , Morocco, Algeria and Tunisia over the period between 1980 till 2013. The results revealed that there is a significant positive relationship between FDI and Economic growth. The result also confirmed that the effect of FDI on Economic growth is more significant in countries with economic freedom accordingly, countries get more benefits from multinational firms.

Abbott &De Vita (2011) stated that exchange rate has a significant impact on attracting FDI ,Blanton &Blanton (2007) investigate the relationship between human rights and FDI inflow and found that respect of human rights has positive impact on Foreign Direct Investment.

Transparency is another factor that has a significant effect on the attraction and inflow of foreign direct investment Mody et al. (2003) stated that transparency of information can have a positive impact on foreign direct investment as multinational companies prefer transparency of information regarding economic, regulation, and political that could help them to make their decision in an efficient manner.

Bobenič et al. (2018) ,examined the determinants of FDI inflows into Visegrad countries during the period 1998 and 2006 and the results revealed that , gross wages and the share of educated labor force have the most significant and positive influence in determining FDI inflows. However, the corporate income tax rate, trade openness and expenditures on research and development have a negative influence in determining FDI. Also , the results found that the inflation rate, unemployment rate, GDP per capita and the innovation output, as the sum of patents and trademarks don't have any significant impact FDI inflows of Visegrad countries.

Another study by Chanegriha (2017) investigated the effect of economic factors on determining of foreign direct investment of 168 countries. The results, showed that, trade openness, outgoing FDI, government spending, corporate tax rate, tertiary and secondary school enrolment have a significant impact on foreign direct investment from economic perspective. However, the inflation rate doesn't have a significant impact on FDI .

Baklouti and Boujelbene (2014) , Investigate the factor that encourage the flow of foreign direct investment in 8 countries selected of the developing countries in the Middle East and North Africa (MENA Region) from 1996 till 2008.The researchers used the fixed effects models on the panel data, The results of their study revealed that the total population variable as a proxy of market size has a positive and significant impact on investment flow in MENA region , The authors consider this factor as an important element in attracting investment as they claim that the high number of population is considered as a strong signal of high demand. The results also revealed that the degree of openness of the country to the international trade is a second important factor that affects the attractiveness of the investment flow .Although in this research; the gross national product (GNP) has a positive sign which indicate the positive impact of the GDP on investment flow to the MENA region however this relationship was not statistically significant. The low significant level could be interpreted as other factors could be more important to the investors than GNP.

Mohamed (2014) , studied the most influential factors that affect the FDI attractiveness in Egypt and the results revealed that , The most significant factor that affect the investment attractiveness in Egypt is the easiness of doing business and obtaining licenses permits and approvals .However , The second factor is efficiency of Infrastructure and then availability of diversified source of energy while the fourth variable that has a significant impact on Investment attractiveness is the workforce efficiency , the Fifth one is the availability of diversified source of Finance . The sixth and the seventh factors respectively are: Transparency and corporate governance and Stability of tax system & policies.

Stability of Tax system is one of the critical factors that receive different argument and researches found different results across the countries. Some researchers found a positive impact on the investment flow other found negative impact on investment flow while others found no significant impact at all. In this context, Cassou (1997) and Kemsley (1998) investigate the impact of corporate tax of the hosting country on FDI and they found that the corporate income taxes of the hosting country have a significant negative impact on attracting Foreign direct investment flows. While, Yulin and Reed (1995) and Porcano and Price (1996) stated that that corporate tax has no significant impact on FDI, Swenson (1994) found a positive relationship between tax and FDI.

Low labor cost is another factor that may attract FDI to the host countries. In this context Feenstra and Hanson (1997) stated that low labor cost have a significant influence on US companies in Maxico. Wheeler and Mody (1992) found that low labor cost has a large impact on American electronic assembly plants. One of the most important argument related to labor is not only the cost of labor but the quality and efficiency of labor .In this manner Mody,Desgupta and Shina (1998) argued that cost of labor is not the main attractor for Japanese companies that operate in Chineese market while the quality and efficiency of the labor has a significant weight in Investment flow of Japanese FDI to China. Concerning the positive or negative effect of foreign direct investment on economic growth,

A literature survey by Bruno and Campos (2013) revealed that 50 per cent of empirical researches showed a significantly positive impact of Foreign Direct Investment on economic growth, while 11 per of empirical studies reported a negative effect. However, 39 per cent found growth to be independent of FDI. Consequently, FDI plays a critical role in promoting economic growth

VI. Factors that affect FDI attractiveness in Egypt.

Based on the brief literature review in the previous section It's obvious that there are some factors that have a significant influence on attracting foreign direct investment to the host country , These factors are namely : Market Size , Infrastructure and Transportation , Energy, Natural Resources , Tax , Easiness of Doing Business , Exchange Rate , Transparency and Anti -Corruption procedures. The next section is a description and demonstration of the development of these factors as an attempt to highlight them and reach to a recommendation and conclusion about FDI in Egypt.

6.1Market Size

The size of the local market can be measured by the size of the population as well as by the volume of production. The larger the market, the greater the opportunities for investors to benefit from economies of scale. Therefore, foreign companies often concentrate their activities in areas characterized by high size of population and sufficient income that afford to purchase products produced through FDI projects. On the basis of market size and therefore factors that are likely to affect the inflow of foreign direct investment, many of the standard studies have shown that the estimated coefficient of GDP as a market proxy is statistically significant and indicates a relationship between FDI and GDP. Population size and growth rate Egypt's population was estimated by the Central Agency for Public Mobilization and Statistics (CAPMAS) in November2019 was estimated at 100 million people compared to a total of 72 million people in November 2006. In absolute terms, the population of Egypt has increased by around than 30 million people in 10 years.

Table 1.1 -Egyptian Population (Market Size).

Year	Population	Yearly % Change	Yearly Change	Migrants (net)	Median Age	Density (P/Km²)	Urban Pop %	Urban Population	Country's Share of World Pop	World Population	Egypt Global Rank
2019	100,388,073	2.00%	1,964,475	-38,033	24.3	101	43.10 %	43,229,498	1.30%	7,713,468,100	14
2018	98,423,598	2.05%	1,981,007	-38,033	24.3	99	43.10 %	42,437,529	1.29%	7,631,091,040	14
2017	96,442,591	2.11%	1,995,518	-38,033	24.3	97	43.20 %	41,659,745	1.28%	7,547,858,925	14
2016	94,447,073	2.17%	2,004,526	-38,033	24.3	95	43.30 %	40,889,370	1.27%	7,464,022,049	14
2015	92,442,547	2.24%	1,936,262	-56,189	24.3	93	43.40 %	40,123,329	1.25%	7,379,797,139	15
2010	82,761,235	1.85%	1,447,533	-56,715	23.7	83	43.70 %	36,182,597	1.19%	6,956,823,603	15

2005	**75,523,569**	**1.87%**	**1,338,402**	**-14,893**	**22.5**	**76**	**43.70%**	**33,035,354**	**1.15%**	**6,541,907,027**	**16**
2000	**68,831,561**	**2.00%**	**1,299,505**	**-42,180**	**21.1**	**69**	**43.50%**	**29,917,321**	**1.12%**	**6,143,493,823**	**15**

Source: Worldmeters, 2019

The following facts is concluded from the above table.

- The recent population of **Egypt** is **100,388,073** as of December , 2019, based on the latest United Nations estimates.
- Egypt population is equivalent to **1.4%** of the total world population
- Egypt ranks number **14** in the list of countries by population and previously ,Egypt ranks number 15 in 2010
- **About 43.10 %** of the population is **urban** (**43,229,498** people in 2019)
- The **median age** in Egypt is **24.3 years**.

All these facts about Egyptian population are considered as a motivational factors for FDI inflow in Egypt across different sectors such as food and beverage, mobile communication, power generation investment projects and pharmaceutical due to the huge current and expected demand from the Egyptian market which will lead to generating high return on investment for foreign and national investors.

6.2 .Infrastructure

Egypt provides advanced infrastructure and continues to invest in the development of this structure, including investments worth over US $ 15 billion in road, power generation and irrigation projects. Infrastructure is one of the basic requirements for investment; the government is currently working to ensure that good infrastructure is provided. Provision of utilities, electricity, gas and water connections, ports and roads is essential for investors to operate. Infrastructure is a key demand for economic development and a key to achieving more successes and achievements and it is not only a measure of how successful countries are, but an effective factor in attracting foreign direct investment. For example, the development of infrastructure in the UAE has made it one of the world's most attractive investment destinations.

6.2.1Airports

Bannò and Redondi (2014) confirmed that transport infrastructures have a significant contribution to the economic development of the host country . In this manner , Sellner and Negal (2010) argued that air accessibility has positive impact on GDP and investment growth of the hosting country .

Egypt has more than 21 airports, These airports are serving tourist sites, industrial and mining sites. Cairo International Airport was developed in 2016 with an annual capacity of 7.5 million passengers, bringing the total capacity of the airport to 26 million passengers; Two new international airports, the Capital International Airport in Kattamia and the Sphinx International Airport, were opened in October 2016 to serve increasing numbers of travelers to Egypt and reduce pressure on Cairo International Airport. The two airports were built in areas formerly part of military air bases.

6.2.2.Maritime Ports:

The manufacturers and traders use four main sea ports to reach the Mediterranean Sea and the Suez Canal, These main sea port are as follows:

1-**Port of Suez:** Egypt inaugurated a second Suez canal in August 2015 by adding 35 km of new lanes to the old canal, as well as deepening the water bodies of another 35 km to accommodate larger vessels. The $ 8 billion expansion, To increase the capacity to cross vessels to 97 vessels per day instead of only 50 vessels, and to reduce waiting time to 18 hours to 11 hours.

2- **Damietta seaport:** Damietta Port is home to the largest container terminals and some of the most advanced equipment in the Middle East.

3-**Port Said Port:** Port Said Port is considered one of the most important Egyptian ports on the Mediterranean Sea because of its geographical position in the eastern entrance of the Suez Canal. It is also located at the entrance of the largest international navigation corridor (Suez Canal) and in the middle of the largest commercial shipping line connecting Europe with the East in the world.

4-**Port of Sokhna :**The Sokhna Port, which was built under the BOT system and managed through logistics centers, is the first comprehensive and multi-purpose port in the region. It is the third generation of ports to serve the import and export of general cargo, dry-handling and container handling.

6.2.3.Roads.

Road development is one of the essential tool to maintain the efficiency of the transportation sector , as it affects directly or indirectly the social life of individuals through the process of communication and change in their social and cultural behavior.

Any shortage in the roads will negatively affect the transportation sector and will affect the process of commodity and production flow between the centers of production and consumption, which affects the national development plans. Therefore, Egypt have given this sector a clear and significant importance because it has an impact on increasing the development process and highlighting the importance of transport At the level of the national economy through the direct link between the various productive sectors and supply them with raw materials and basic in the process of production . The FDI inflow cannot take place without an efficient roads and transportation systems.

Egypt is developing the transport infrastructure by adding new roads with an area of 6000 km connecting many areas and serving a number of major projects and investment areas. The National Roads Project (2030) is considered to be one of the major national projects in which the Survey Authority participates. The Commission works in surveying the overlapping properties of various roads and axes as well as estimating the value of fair compensation. This project aims to improve and improve the efficiency of the existing roads and create new ones to work on the management and ease of movement. It is also a way to open new horizons for investment, improve infrastructure, connect the governorates of the Republic and build urban communities. The project includes 39 roads with investments worth 36 billion pounds to complete the project. The General Authority for Roads and Bridges started implementing 14 new roads within the national road project plan last year with lengths of up to 1200 km with an initial cost of 13 billion pounds.

6.2.4.Energy

Egypt's capacity to generate electricity increased by 45% in June 2015 after the completion of the three power plants located in the administrative capital of Beni Suef and Al-Burlus by working with Siemens as a strategic partner for Egypt at a cost of $ 9 billion and adding 16400 MW to electricity supply in Egypt.

Egypt is working with international companies to build electric power plants, which will save 40,000 megawatts of additional electricity over the next 10 years. Important steps have been taken in private sector investments after the gradual liberalization of the sector through the unified electricity law,To allow the participation of the private sector in generating electricity for both citizens and foreigners by providing a simple legal licensing system

For the first time, the participation of the private sector in the distribution of electricity to both citizens and foreigners .Introducing the concept of competitive electricity markets for the first time in Egypt by establishing a framework for market liberalization through the elimination of monopoly in electricity generation and distribution activities.

Restructuring the roles of the Electricity Authority and Consumer Protection Regulatory Authority and the Egyptian Electricity Transmission Company, redefining their competencies and their interaction with the participants in the electric power sector to ensure equality and freedom of competition;

6.2.4.Renewable energy

The Ministry of Electricity and Renewable Energy has inaugurated a 200 MW wind farm in Jebel El Zait, Red Sea, the largest operating wind farm in the Middle East. The project was completed in 30 months at a total cost of 270 million Euros (US $ 275.8 million)); The project was funded by the German Government through the German Development Bank (KFW), the European Commission and the European Investment Bank;

The first solar panel manufacturing facility in Qena, located in Upper Egypt, is being completed and is expected to be one of the largest in the region;

Egypt pledges to start one of the largest and most comprehensive renewable energy programs in the world, which in turn will reduce domestic energy demand by 8% by 2022 when combined with the energy efficiency program in industry, as well as the following points:

Egypt is committed to increasing the contribution of renewable energy projects to electricity production more than doubling by 2020, as it aims to provide 20% of the country's electricity needs through renewable energy sources such as solar, wind and nuclear power;

Egypt is encouraging private sector investment in the renewable energy sector as it looks to diversify its energy industry; The electricity-saving tariff, which provides compensation on a cost basis, is one of the incentives provided to private investors to encourage greater investment in this sector

6.3.Natural Resources.

Egypt is one of the first countries in the Middle East to discover oil, which was achieved in the late nineteenth century. As for natural gas, the first gas field was discovered in the Abu Madi area in the Nile Delta in 1967 by Bailaim Petroleum Company, which is a joint company between the Egyptian General Petroleum Corporation And the International Oil Company, and the first marine gas discovery occurred in Abu Qir in the Mediterranean in 1969. This was followed by several discoveries, including lots, Qantara-1, and during -1, Naf, Port Fouad, Qar, and Shark. The Mediterranean region is the most promising area for achieving gas discoveries, particularly in deep waters, in which fields have been discovered; Rashid, Saffron, Simian, King Mariout, and other discoveries in the Western Desert region, the most important of which are the palace, Al-Abyadh and Matrouh. These discoveries have contributed greatly to increasing the natural gas reserves and increasing its daily production, which helped Egypt enter the list of countries exporting liquefied gas and also exporting natural gas to neighboring Arab countries through the Arab Gas Pipeline project. At the same time, Egypt is working to balance the growing domestic demand and export.

6.3.1.Gas and oil

Egypt is the largest country, outside the Organization of Petroleum Exporting Countries (OPEC), an oil producer in Africa and the second largest natural gas producer after Algeria.

Egypt has succeeded in increasing the production of natural gas to reach the volume of production to about 4.45 billion cubic feet of gas per day, by accelerating the search for reserves of natural gas in the Mediterranean; Egypt has attracted nearly $ 1 billion in investments in recent years to develop oil and gas infrastructure and to boost exploration in the Mediterranean, Western Sahara, Gulf of Suez and Upper Egypt.

The latest exploration at the Back Privilege indicates that about 30 trillion cubic meters of gas is expected to be available; The Suez Canal and the Mediterranean-Suez Canal (SUMED) provide an important route for transporting oil across the Arabian Gulf to Europe and the United States.

6.3.2.Mining

Egypt has one of the largest phosphate reserves in Africa, with one billion metric tons of phosphate rock located near the Golden Triangle Investment Area.

Egypt is also a country rich in other natural resources such as gold, especially after the discovery of the Sentinam mine, which is expected to be one of the top 10 gold producing mines around the world.

6.4. Easiness of doing business

This is related to the ease of doing business, as defined by the World Bank, in terms of easy access to projects, and the realization and transfer of profits, from approvals and licenses to access to land and facilities, and infrastructure, especially in energy, transport, communications and modern communications. All this has already been mentioned in the Investment Law and its recent Executive Regulations.

The Egyptian government issued a law to facilitate the issuance of industrial licenses, which shortened the licensing period for most industrial projects to weeks instead of nearly two years previously.

The Ministry of Investment and International Cooperation has launched Investor Services Center to facilitate investment procedures and to upgrade the easiness of doing business in Egypt.

The Investor Services Center provides many services such as incorporation, mergers, liquidation, investor documentation, asset registration and other services. Headquartered in Cairo, the Ministry of Investment and International Cooperation opens branches throughout Egypt to facilitate investment procedures for all investors.

Currently, there are service centers located close to the investment opportunities available on the investment map and are located in the most-needed geographical areas where the Egyptian Investment Law provides strong incentives to promote the overall economic and social development of these areas. In the mean time, there are five branches of the Investor Services Center in Alexandria, Assiut, Ismailia, 10th of Ramadan and Sohag.

The Ministry of Investment and International Cooperation also launched a call center to serve investors and answer all questions and allow them to communicate with the representative of the concerned government authority to facilitate their applications.

6.5.Investment Map

The Ministry of Trade and Industry issued a map of industrial investment, which includes all the investment opportunities available in the industrial sectors in different governorates of Egypt, which were determined based on the competitive advantages and investment components of each governorate. The views of the manufacturers differed on the feasibility of launching a map of industrial investment in Egypt and its importance in activating the industrial sector.

From one side, the industrial investment map is the starting point in the transformation of Egypt from a consumer to a productive country. It shows investors and manufacturers the investment opportunities available in each province, the raw materials available for these projects, and the labor needs for the new projects.

The investment map focused on small and medium enterprises which are considered as a critical staring point especially that these projects represent the largest sector of projects in Egypt, and achieve sales exceeding 200 million pounds. Small industries account for the largest share of all investment opportunities by up to 56%, followed by medium industries by 23%, then micro industries by 13%, and finally by large industries by 8%, and are planned to provide approximately 300,000 direct jobs.

However, the existence of a map of industrial investment does not mean that the investor is committed to the opportunities offered only, but it is only indicative guide can be used if the investor wants to establish a new plant in Egypt. The industrial investment map includes 4136 real investment opportunities in 8 industrial sectors in different governorates of Egypt.

Table 1.2 Investment opportunities across Egyptian industries

Investment Sector	Available Opportunities in the map
Engineering Industries	**1265**
Chemical Industries	**861**
Food Industries	**649**
Textile Industries	**605**
Mining Industries	**395**
Pharmaceutical Industries	**183**
Mineral Industries	**122**
Leather Industries	**56**

Source: Author's figures based on data retrieved from Egyptian Investment Map

This map is the first integrated investment map for the industrial sector in Egypt. It represents one of the most important outputs of the industrial development strategy developed by the Ministry for more than a year. It includes the main bases for linking the local supply chains to the existing industries by identifying the feeder and supplementary industries required to deepen the industrial sectors and to contribute to bridging market gaps, rationalizing imports and increasing the value added of local products.

Concerning the geographical distribution of industrial investment opportunities, the map included 27 governorates topped by Alexandria Governorate with 205 opportunities, Menoufia 196, Beni Suef 196, Mania 190, Assiut 187, Sharqia 179, Sohag 179, Cairo 170, Kafr El Sheikh 168 opportunities, 167 opportunities, 169 opportunities, 159 opportunities, Ismailia 155 opportunities, 155 opportunities, 153 opportunities, 150 lakes, Port Said 142 opportunities, Damietta 142 opportunities, 141 opportunities, Dakahlia 134 opportunities, and West 131 opportunities. , The Red Sea 125 chances, the shortest 125 chances, Aswan 123 chances, North Sinai 111 chances, the new Valley 98 chances, and finally South Sinai 86 opportunities. This map is a dynamic map that is constantly being developed, improved and reviewed to cope with local, regional and global changes, thus contributing to Egypt's position on the global investment map.

6.6.Macroeconomic Factors in Egypt

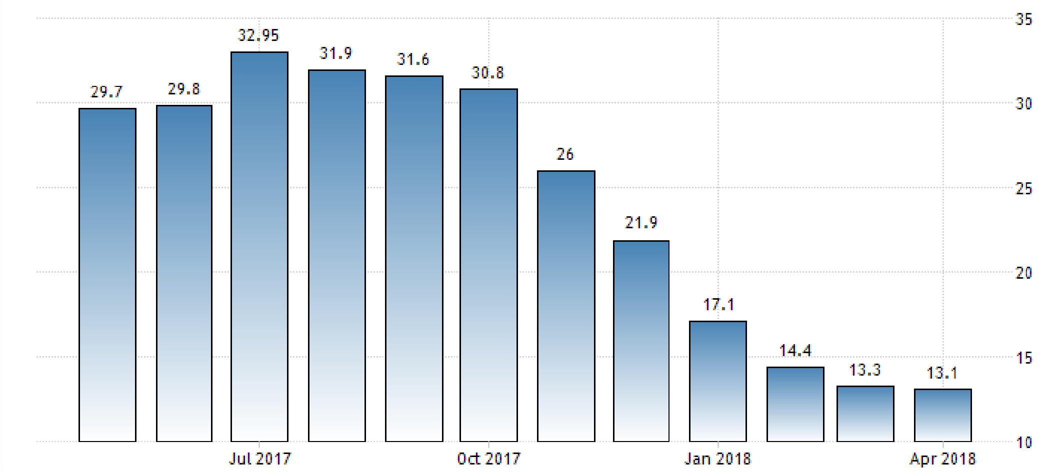
Inflation in Egypt jumped after the exchange rate was floated in November 2016.

It hit a record high of around 35 percent in July 2017, following cuts in energy subsidies, but has since gradually receded.

Egypt's inflation rate rose by 30.7 percent in 2017 compared to the previous year, according to data released on Wednesday by the Central Agency for Public Mobilization and Statistics (CAPMAS).Consumer prices in Egypt were around 23 percent in 2016 compared to 2015. Inflation in Egypt began a wave of rapid rise since the exchange rate of the pound against foreign currencies was released on 3 November 2016, leaving the local currency rate determined by supply and demand mechanisms. Inflation hit a record high in July 2017 at 34.2 percent. But gradually declined from August 2017. The Central Agency for Mobilization and Statistics (CAPMAS) said in its statement that inflation fell to 21.9 percent in December 2017, from 26.7 percent in the previous month. During 2017, Egypt lifted fuel prices at the end of June, electricity in July, drinking water for domestic use in early August, and mobile phone recharge cards, end of September.

On 28 December 2017, the central bank decided to keep interest rates at 18.75 per cent for deposit and 19.75 per cent for lending for the fourth consecutive year.In a previous statement, the International Monetary Fund predicted that Egypt's consumer price inflation would fall to 13 percent in the current fiscal year 2017-2018, compared with 29.9 percent in the previous fiscal year 2016-2017.

Figure 1.1 Inflation In Egypt (May2016-April2018)



Source :Central Bank of Egypt

Recently in 2018, The Central Bank of Egypt (CBE) announced that core inflation fell to 11.88 percent year-on-year in February from 14.35 percent in January. The fiscal year begins in early July until the end of June of the following year, in accordance with the General Budget Law., The central bank expects the country's inflation rate to fall to 13 percent by mid-2018.

Inflation erodes the value of financial investments, such as stocks and bonds. However, some investors believe that investing in real goods, such as home, is protected from inflation because the value of real estate is largely determined by its intrinsic nature unlike funds that are valued only by what you can buy. If inflation is high, the price of a home or car may simply increase at a similar rate, away from price erosion. The same cannot be said about ten-year bonds.

The above description explains why investors are closely following CPI and PPI reports. In addition to being aware of the current rate of inflation, it is important to be aware of the rate of inflation that experts expect because both the present value of investments and the attractiveness of future investments will change depending on inflation expectations.

On the other hand, the high rate of inflation adversely affects investment. As the rise in inflation leads to a slowdown in the production cycle in factories, whether buying raw materials or manufacturing and then selling them, resulting in an increase in unemployment and low sales. That all the parties responsible for investment are affected in the case of high inflation due to the recession and the stagnant inflation that spread in the markets, as the most prominent of these parties are banks which suffer from profit decline due to reluctance of investors to obtain loans as well as the failure of these investors to pay their debts to banks.

6.7 Tax System In Egypt

Egypt ranked 167th out of 190 countries in the PwC report on tax payments for 2018.The report mentioned that the amount of tax paid is not only assessed, but also how long it takes to meet its compliance obligations this includes the time the file was prepared and the payment of the basic taxes, as well as the time it took to claim the value added tax refund, and dealing with the correction of the corporate income tax return. Labor taxes accounted for 27.3 percent of Egypt's total tax contributions, while taxes on profits and other taxes accounted for 13.6 percent and 4.4 percent, respectively. IMF repot 2017 stressed that improving the efficiency of the tax revenues is effectively implemented in Egypt through the modernization of the Tax Authority and the Customs Authority, including the integration between the Direct Income Tax Department and the "Sales", through the Center of Senior Financiers, And to develop risk assessment programs for each segment of financiers.

According to the IMF report, the sharp drop in the rate of taxes to GDP makes Egypt lag behind other countries, both at the regional and global level. The corporate tax revenues have dropped dramatically in recent years. FDI inflows in Egypt can help increase the domestic tax base , But this requires the design of a prudent fiscal policy that reduces tax erosion, through effective tax avoidance policies, the negotiation of appropriate terms in double taxation agreements and the reduction of inefficient, costly tax incentives.

The evidence suggests that imposing an effective tax rate of 1% on companies reduces foreign direct investment by 3%. Therefore, applying a tax rate of 22.5% on current corporate income in Egypt, providing many tax incentives, and a wide network of double taxation agreements , The Egyptian international tax system seems to encourage foreign investors to invest in Egypt.(IMF,2017).

6.8 Exchange Rate :

The Egyptian government adopted the first liberalization of the exchange rate in 2003. The Prime Minister announced the liberalization of the Egyptian pound in January 2003 due to several reasons, the most important of which were the events of South East Asia, which caused the devaluation of the currencies of a number of these countries, which prompted Egyptian importers to expand imports from those Which increased the demand for the dollar locally. The killing of foreign tourists in the Egyptian city of Luxor in November 1997 was a severe blow to the dollar resources of tourism.

This coincided with the exit of a portion of foreign investments from the Egyptian stock exchange, which amounted to $ 248 million in the fiscal year 1997/98. All of these factors caused an increase in the demand for the dollar. This led to the foreign exchange market becoming surplus since 1991 to deficit during 1997/98 , And this deficit has continued so far. The exchange rate started to move in exchange companies, and banks began to limit the management of customers 'needs from the dollar to finance imports. The government then surprised the market by announcing the release of banks' freedom to set the dollar on Jan. 29, 2003. While Egypt adopted the second liberalization of the exchange rate for 2016 for several objectives in the Egyptian foreign policy, the most important of which is the reduction of the budget deficit and the public debt. The deficit in the final account for the 2015-2016 budget was about 12.2%, compared with 11.5% in the previous fiscal year. The public debt, which has risen significantly in recent periods.

The second objective of the exchange rate liberalization is to complete the reform of the subsidy system, rationalize government spending and implement one of the most important requirements of the International Monetary Fund so that the Egyptian government can obtain the trust and approval of the recently announced $ 12 billion loan.

The third objective is to reduce imports and stop random imports. The available figures and data indicate that Egypt's import bill is between $ 70 billion and $ 80 billion a year, putting pressure on the country's foreign exchange reserves.

The fourth goal of floating the currency of the pound is to increase exports and encourage domestic and foreign investment, especially that it is not possible to return foreign investments in the presence of two prices of the dollar in the market, and the gap between the official price of the dollar and its price on the black market to more than 100% in the past days.

The Egyptian government is also seeking to achieve the required balance between rationalization measures and the full containment of its effects on low-income people by increasing their dollar earnings, enabling them to provide support to low-income people only. The liberalization of exchange rates may also be followed by a shift from in-kind support to limited monetary support Income.

The sixth objective of the liberalization of the exchange rate is to enable the Central Bank of Egypt to commit to provide the dollar to fill the import gaps in commodities and strategy, especially that with the decision to raise the interest on bonds and dollar certificates, the proceeds of Egyptian banks in the early hours of the issuance of floating decisions by about 8 times, As announced by the heads of the largest banks in Egypt.

The seventh objective of the flotation is to eliminate dollarization and speculation on the dollar on the black market, which has more than 40 billion dollars according to unofficial estimates, while the treasury of the Central Bank of Egypt only $ 19.5 billion dollars.

Perhaps the concern, caution and confusion that dominates the exchange market in Egypt is the eighth goal of the currency liberalization process. The new decisions are expected to contribute to uncovering the real supply and demand on the dollar, contrary to the imaginary picture that currency traders and speculators are attempting to export. The dollar, which touched 18.5 pounds during the past few days, was hit by violent speculation, not because of the real demand for the dollar.

The ninth objective is to target the inflation rates which have touched difficult levels during the past few days. With the intervention of the Central Bank of Egypt, it was expected that new levels would be recorded to become a difficult fact to deal with in the short term. To return to normal rates, reflecting positively on inflation rates that will fall in the medium and long term.

The tenth and final goal is to reactivate Egyptian stock exchange, which saw a large part of liquidity during the last periods of speculation on the dollar, which reflected negatively on the volumes and values of trading and the flight of Arab and foreign investors from the Egyptian market, especially as it has experienced a state of instability and severe losses throughout the periods Past

6.9 Transparency and Anti-corruption

Minister Mohamed Erfan Gamal El Din, Chairman of the Administrative Control Authority, said that Egypt is one of the first countries to ratify the United Nations Convention against Corruption. During his speech at the Seventh Conference of States Parties to the United Nations Convention against Corruption in Vienna from 6 to 10 November 2017, Erfan (2018), confirmed that Egypt was in the forefront of supporting the law enforcement and anti-corruption bodies. The Public Prosecutor's Office, the Central Auditing

Organization and the Ministry of Interior, Money laundering other than the Administrative Control Authority, which represents Egypt in the implementation of the International Convention against Corruption.

The efforts of the law enforcement agencies and governmental and non-governmental institutions in Egypt resulted in the implementation of Articles 5 and 6 of the United Nations Convention against Corruption on the policy and practice of combating corruption and the launching of the National Strategy against Corruption 2014-2018, which was based on several objectives, Improving public services, establishing transparency and integrity in all elements of the administrative system, enacting and updating supporting legislation to combat corruption, and raising public awareness of the seriousness of corruption and combating it in order to create a climate conducive to Positive by the governments of the countries were able to speed up the movement of development and to facilitate the lives of individuals and communities

Erfan (2018), added that indicators to measure the level of corruption in countries can provide an assessment of the general situation and whether the state is taking the reasons to provide its resources in a fair manner and create an environment for fair competition between society and its members. However, these indicators often depend on prevailing perceptions More than the truth and does not reflect the reality of the situation prevailing in those States

Erfan (2018) said that a national anti-corruption academy has been set up in Egypt to combat corruption and affirm the principle of integrity and transparency within the framework of activating the Egyptian Constitution and in line with the Administrative Control Authority Law, which witnessed the 2017 amendments. He pointed out that the major national projects implemented by Egypt will make it a center Economically linking the East to the West as it was before.

The Executive Director of the World Bank confirmed the World Bank's support to Egypt in the fight against corruption and the application of good governance, which is the foundation in all aspects of development. The provision of quality public services and the creation of conditions that encourage business to provide employment opportunities are fundamental to building opportunities and achieving prosperity for all.

VII. Analysis of Foreign Direct Investment flow in Egypt

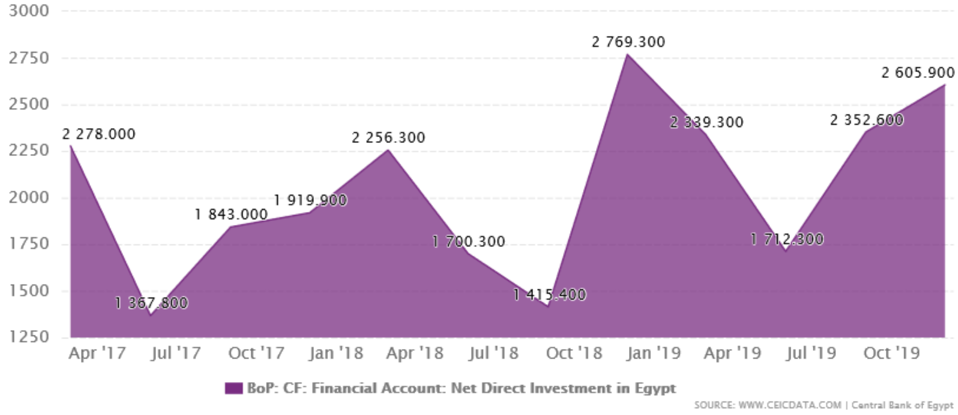
The FDI inflows contributes to the to the economics growth of the host countries through transferring know how and technological capacity to the domestic countries. It has a significant impact on GDP growth in addition to its impact on reducing unemployment rate. (Ridzuan et al., 2018).

The value of foreign direct investment flowing to Egypt increased by 17% during 2016 to record 8.1 billion dollars, benefiting from the detection of natural gas fields in Western Sahara, according to the report of the United Nations Conference on Trade and Development (UNCTAD) on global investment .The strength of foreign investment inflows into Egypt has significantly reduced the decline in foreign investments to the African continent, which was limited to 3% to a total of 59 billion dollars. The report added, pointing to a rise of 11% in North African flows driven by reforms in foreign investment and natural gas exploration. The report said that the increase in investment to Egypt, the impact of the sharp decline in foreign investments to Morocco by 29% to reach 2.3 billion dollars.

The FDI inflows during the fiscal year 2017/2018, which began in early July, are expected to reach more than 10 billion dollars. Minister of Investment Sahar Nasr mentioned that Egypt attracted foreign direct investment of 7.9 billion dollars in the last fiscal year.

The International Monetary Fund (IMF) said Egypt's growth rate in 2016/2017 was far above its expectations, reflecting "policies to address macro-economic imbalances in the context of the program set up by the authorities and supported by an agreement with the International Monetary Fund" Growth of 4.2% in the last financial year. The IMF had expected last April that real GDP growth in Egypt would reach 3.5% by 2016/2017.

Figure 1.2 : Foreign Direct Investment in Egypt from April 2017 till October 2019



The central bank confirmed that net foreign direct investment increased by 71.4% during the first quarter of 2019 fiscal year to record $ 2.4 billion, compared to $ 1.4 billion in the corresponding period, an increase of $ 937.2 million. The increase came as a result of the increase in capital flow of FDI to start companies or increase their capital by 837.9 million dollars to record 1.5 billion dollars.

Besides, the net investment in the petroleum sector increased by about 256.4 million dollars to reach 744.2 million dollars. In the same context, the total foreign direct investment outflows increased by $ 107.3 million to reach $ 1.9 billion, compared to $ 1.8 billion

The Egyptian government is taking quick steps towards economic reform and sustainable development and recent international indicators confirm that the country is on the right track, noting that the latest investment trends reports issued by the United Nations Trade and Development Organization (UNCTAD) ensure that Egypt maintains its position as the largest recipient of foreign direct investment in Africa, where Egypt recorded flows of $ 8.5 billion during 2019, achieving a 5% increase compared to the previous year 2018.

As the Egyptian government made efforts to implement the economic reforms package that led to increase in investors' confidence and new FDI remained concentrated in the gas and oil sector, along with significant investments in the telecommunications, real estate and tourism sectors. The World Investment Report 2019 included that foreign investment in Egypt was leaning towards the oil and gas industry, as Egypt's important discoveries of gas reserves abroad attracted investments from multinational companies, and Egypt became a net source of gas in January 2019.

Efforts are still ongoing in this sector as the Ministry of Petroleum signed in December 2019 four new agreements for oil and gas exploration and production in the regions of Western Sahara, the Gulf of Suez and the Nile Valley, with investments of no less than $ 155 million and includes drilling 30 wells.

With regard to determining the regional / geographic source of foreign direct investment to Egypt ,The European Union maintained its position at the top of the list of the largest source of investment flow for the first quarter of the fiscal year 2019/2020, according to official data extracted from Central Bank of Egypt (CBE Report), as the total volume of European Union investments during that period amounted to about $ 2.5 billion, or 58% of the total investment flows during The first quarter of the fiscal year, compared to about $ 1.4 billion during the same period of the previous fiscal year 2018/2019, with a percentage of about 43.7% of the total investments of the quarter

The total investment inflows from Arab countries is $ 800 million, equal to 18.6% of the total first quarter FDI inflows, which is the same value of the inflows achieved during the same period of the previous fiscal year, but with a percentage It amounted to about 25% of the total FDI for quarter investments of the fiscal year 2018/2019.

The report showed that the investments of the United States of America recorded investment flows during the first quarter of the fiscal year 2019/2020, about 600 million dollars, representing 14% of the total flows of the stage, which is the same value recorded for investment flows during the same period of the previous fiscal year 2018 / 2019, but with a percentage of 18.8% of the total investment flows for the stage.

Finally, the investment flows received from other countries of the world came, and recorded about 400 million dollars during the first quarter of the fiscal year under study, with a percentage of about 9.3% of the total investment flows for the stage, while it recorded 400 million dollars during the same period of the previous fiscal year , With a percentage of 12.5% of the total stage investments.

VIII. Recommendations

It is important to reactivate the role of the Supreme Investment Council in order to review the procedures and laws related to investment in all activities and areas, which gives confidence to all Egyptian and foreign investors that the next stage will witness a qualitative shift in the investment system, which will positively reflect on the rates of investment within the Egyptian market, and that The decisions that will be issued by the council will be adhered to by the existing ministries, especially in terms of the investment strategy, following up on changes therein, presenting non-executive problems and ways of addressing them, which will contribute to speeding up efforts to return Egypt as a pioneer and attractive country to foreign investment, it will be a guarantee of the speedy resolution of investor problems and the end of disputes between government agencies and investors, especially those who have filed lawsuits or have resorted to international arbitration.

In order to increase the attractiveness of FDI to Egypt, There are some recommendations that may enhance the attractiveness of investment environment to FDI .

1- A large investment should be directed to expand the establishment of public free zones after they have become an essential component of the comprehensive economic system that contributes to the growth of GDP, as it is one of the innovative solutions that most countries across the world have established free economic zones in order to attract investors by providing global competitive advantages and achieve economic prosperity

2- Establish an integrated program to improve Egypt's ranking in the global competitiveness index. It should be realized that the primary investment challenge is not only to obtain advanced arrangements in competitiveness indicators but in achieving continuous improvement in these aspects to generate investors positive returns in a stimulating investment climate with the development of plans and policies that help to innovate and localize technology, by focusing on developing scientific research because of its importance in improving competitiveness, whether through raising productivity, or through improving product quality .

3- Developing and updating the investment map to include the most important investment opportunities, distributing geographically the opportunities on the investment map of the Arab Republic of Egypt and making them available to the investor with an indication of the infrastructure and specific benefits for the region with identifying the main priority sectors to attract foreign and national investments that contribute to providing more serious and effective technology to access global supply chains This would reduce production costs, increase export opportunities, and target priority countries to attract foreign investment.

4- Starting an integrated program to review the costs to which companies are exposed, starting from the establishment stage to the operating stage, in a manner that reflects the element of competition at the level of all types of investment sectors, in addition to increasing the role that government policies play in the investment promotion process. The review process here should include three stages:

- The first: It relates to the costs of establishment and licenses of all kinds, whether administrative expenses or those related to the cost of acquiring land, utilities and other costs when starting the activity.
- The second: It is related to the element of the operating period factors such factors as energy cost, taxes, social insurance, administrative fees, transportation cost, raw materials, lack of business chains in addition to customs fees.
- The third: It is a comparison of the average costs with the prevailing averages in the region compared to the averages for returns also locally and with competing countries to highlight the element of real competition for investment in Egypt, knowing that these costs should also include a comprehensive review of the financing costs, whether banking or non-banking on the investment process.

5- Establishing investment marketing centers abroad to promote investment in Egypt , to promote the competitive advantages and development that took place in the infrastructure, as well as the investment environment .

6- Granting investment incentives and exemptions for foreign investment, which works to deepen local manufacturing of local industry inputs that lead to replace imported inputs by local inputs.

IX. Conclusion

Foreign direct investment (FDI) is a source to compensate for the deficit in local savings and to achieve an increase in the rates of GDP growth. One of the main goals of attracting foreign capital is to establish productive projects in all industrial, agricultural and service areas that aim to produce goods and services with a competitive advantage for export and that are eligible for acceptance in global markets. Availability of capital allows expansion of production, diversification of product and improvement of its quality.There are several factors that affect the investment environment in Egypt. The Egyptian government is concerned about the facilitation and the professional manner of building blocks of investment environment to attract more Foreign Direct Investment and to increase National Direct Investment.

After achieving tangible successes in the economic reform program and improving the performance of the Egyptian economy, International investors are willing to enter Egypt and explore investment opportunities as a promising market that fulfills the objectives and aspirations of investors. There are some immediate results of economic reform program that may affect the investment in Egypt such as inflation rate which adversely affects investment. As the rise in inflation leads to a slowdown in the factories' production cycle. The Egyptian government succeeded to control inflation by increasing interest rate to household sector to 20% and launch finance initiatives and programs to small and medium enterprise to obtain loans with low interest rate 5 % to 7% to boost the economic cycle and reduce the negative impact on the household sector . The positive results from the economic reform is clearly obvious that control the inflation to reach to 13.1 in April 2018 which will lead to increase in the investment confidence from investors point of views **.**

As Infrastructure is not only a measure of how successful countries are, but an effective factor in attracting foreign direct investment. Egypt pays more attention in investing in enhancing the infrastructure to improve the investment environment beside the availability of investment opportunities, the existence of a modern communications and information network, the presence of systems and policies that encourage foreign investment are very important for job creation and for business innovation.

The national road project will open great horizons for investors, especially with the establishment of many logistic areas. With these roads, Egypt's productivity will increase in general. It is the basis of development. The private sector will play a big role in this huge work. , Besides that it will be partnerships with investors and international companies and thus will help the flow of foreign investments, both in the field directly or other related fields.

The results of the economic reform programs in Egypt were successful and it was put in the right direction. This is reflected in the relative improvement witnessed by several indicators of government governance during the second period as well as the global competitiveness index. Egypt's credit rating rose from negative B to stable positive B during the second period, the real gross domestic product increased from 2.1% to 4.2%. The global competitiveness index rose from 118 to 100 and net direct investment doubled from $ 7.8 billion to $ 21.2 billion. The number of companies established from 8945 to 37691 .The rate of unemployment fell from 13.2% to 11.98% as a result of the implementation of several major projects and the subsequent increase in the volume of investments in many sectors of the country, notably the electricity, communications, petroleum, transportation and health sectors.

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