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Master's Thesis

The Impact of Foreign Investments on the Economic Growth of Certain Arabic Countries. Case Study of Jordan, Egypt and Palestine.

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Declaration

I declare that I have worked on my master's thesis titled " The Impact of Foreign Investments on the Economic Growth of Certain Arabic Countries. Case Study of Jordan, Egypt and Palestine." by myself and I have used only the sources mentioned at the end of the thesis. As the author of the master's thesis, I declare that the thesis does not break any copyrights.

In Prague on 29th\03\2022 ____________Hythum_________________

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The Impact of Foreign Investments on the Economic Growth of Certain Arabic Countries. Case Study of Jordan, Egypt and Palestine.

Abstract

The thesis demonstrates the function of foreign investments and economic growth in the 3 case Arab countries (Jordan Egypt and Palestinian territories) from 1995 to 2015.

Concluded with the following findings:

- A considerable statistical effect on economic growth with the aid of using foreign investments at the significance level of (0.05) which means that every rise in foreign investments with one unit ends in a (0.03%) raise in the economic growth.
- No statistical effect of official development aids and foreign debit on economic growth at the significance level of (0.05).

The absence of financial sources is regarded as one of the maximum critical troubles dealing with the economic growth in those locations. The thesis is anticipated to differentiate the reality and the significance of economic growth and foreign investments (direct and indirect foreign investments, reliable improvement aids, external debit) and examine them afterwards. The researcher adopted the analytical-descriptive approach using panel linear multiple regression of cross-sectional data cross time and multiple linear regression of the data.

The Thesis reached a set of recommendations including the following:

- By enhancing the economic growth and ranges of domestic products, lowering taxes, improving the performance of financial guidelines and ranges of domestic public debit, and enhancing the stability of payments; Creating viable a financial strategy concerning the exchange balance for the case countries by halting the expansion of imports and forcing charges on extravagances, further developing products, and reexamining all the approaches that lead to a sharp financial plan deficiency, and the need of working to reduce its negative impacts.
- Participating in enhancing the investments via the improvement of law and procedures, presenting legal safety for the investors, setting foundation for defensive intellectual and physical property rights and adopting the high-quality global practices in the decision of commercial disputes.

Keywords: Arab Countries, Monetary funds, economic growth, external financing, Jordan, Egypt, Palestine.

Vliv zahraničních investic na hospodářský růst některých arabských zemí. Případová studie Jordánska, Egypta a Palestiny.

Abstraktní

Práce demonstruje funkci zahraničních investic a ekonomického růstu ve 3 případech arabských zemí (Jordánsko, Egypt a palestinská území) v letech 1995 až 2015.

Na závěr následující zjištění:

• Značný statistický efekt na ekonomický růst pomocí využití zahraničních investic na hladině významnosti (0,05), což znamená, že každý nárůst zahraničních investic o jednu jednotku končí (0,03 %) zvýšením ekonomického růstu.

• Žádný statistický vliv oficiální rozvojové pomoci a zahraničního debetu na ekonomický růst na hladině významnosti (0,05).

Absence finančních zdrojů je považována za jeden z maximálně kritických problémů ekonomického růstu v těchto lokalitách. Předpokládá se, že práce odliší realitu a význam ekonomického růstu a zahraničních investic (přímé a nepřímé zahraniční investice, spolehlivé pomůcky ke zlepšení, externí debet) a následně je prozkoumá. Výzkumník přijal analyticko-deskriptivní přístup pomocí panelové lineární vícenásobné regrese průřezových dat napříč časem a vícenásobné lineární regrese dat.

Práce dospěla k souboru doporučení, včetně následujících:

• posílením ekonomického růstu a škály domácích produktů, snížením daní, zlepšením výkonnosti finančních směrnic a rozsahů domácího veřejného debetu a zvýšením stability plateb; Vytvoření životaschopné finanční strategie týkající se směnné bilance pro případové země zastavením expanze dovozu a vynucením poplatků za extravagance, dalším vývojem produktů a přehodnocením všech přístupů, které vedou k ostrému nedostatku finančního plánu a potřebě pracovat na snížení jeho negativní dopady.

• Podílení se na zhodnocování investic prostřednictvím zlepšování práva a postupů, poskytování právní jistoty pro investory, vytváření základů pro defenzivní práva duševního a fyzického vlastnictví a přijímání vysoce kvalitních globálních postupů při rozhodování obchodních sporů.

Klíčová slova: Arabské země, měnové fondy, ekonomický růst, vnější financování, Jordánsko, Egypt, Palestina

2. Introduction

Our contemporary world has witnessed accelerating global events that have brought about radical transformations in the economy, different peoples have developed new requirements and challenges, these greater growth economies have more open to the global economy, benefiting from knowledge flows and the widening of global markets, enabling them to register their products and maintain the Economic balances to build an institutional framework characterized by good governance in managing economic policies to achieve sustained growth. (Jaber, 2005)

Most countries seek to achieve economic growth in various effective ways by exploiting its economic resources and energies to ensure its continuity, defined economic growth as “the occurrence of an increase in the GDP or the total national income, which leads to an increase in the average real per capita income over the course of time”.

Finance is the main factor in the growth process and investment is the core, and it depends on domestic savings supported by external savings, and these savings include (foreign investment, loans, and official development assistance), which left the country behind structural shifts and quantitative and qualitative changes to raise the standard of living.

However, economic growth is addressed at the level of society and not at the level of individuals, the increase in aggregate production and national income, not in the production of each individual and the amount of his income. growth may occur in the community, but the welfare often does not return to a large proportion of the members of the community.

1.4 The Problem of the Study:

Economists were interested in studying the relationship of external financing with economic growth, using in this includes several models and data to determine the criteria and controls through which this type of financing affects economic growth. The main problem was the controversy in the applied studies, about the impact of external financing on economic growth is positive or negative.

Among the most prominent challenges facing Arab economies is the growing tendency towards building economic regionalism, the intensity of economic competition, the risks of marginalization awaiting small entities that are unable and unqualified to compete, the openness of markets for transcontinental companies, and the globalization challenges.

The problem of the public budget deficit is one of the most important economic problems because of their direct effects on the performance of economic activity, especially after the trend of the deficit is increasing in various countries of the world, especially in the non-oil Arab countries, and its owner in continuous rise in the public debt of these governments.
The economies of (Egypt, Jordan) suffer from chronic deficits in the public budget, which is linked to economic relations with the State of Palestine, which also suffers from a public budget deficit, which results in a deficit in financing economic and social development.
The growing budget deficit has been exacerbated by the narrowness of the sources of public resources, their shrinkage and limitations, and the inflexibility of tax and customs energy.
In other Expansion of the marginal and informal shadow economy, as well as the deterioration of trade all of, these countries have received significant external funding, including benefit of these countries (Hadhek Zouhaier and Mrad Fatma, 2014).
Development aid and foreign loans have encouraged foreign investment. And Table No. (1.1) It shows the budget deficit during the period 2000-2015.

Table 2. 1 Budget deficit in the period 2000-2015 for some Arab countries, in million dollars

The Statement	Budget Deficit in the year 2000	Budget Deficit in the year 2015
Egypt	-3790	-39800
Jordan	-287	-987
Palestine	-219	-385

Source: UNCTAD database 2000-2015

The study seeks to answer a major question that forms the heart of the research problem:

- What is the impact of external financing on the economic growth process of the Arab countries (Jordan, Egypt, and Palestine)

Several sub-questions are derived from this research question:

1. What is the impact of foreign investment for these countries on economic growth?
2. What is the impact of loans provided to these countries on economic growth?
3. What is the impact of official development assistance provided to these countries on economic growth?

3. Objectives and Methodology

1.4.1 Objectives

The importance of the study is highlighted by the following considerations:

- Countries need and efforts towards attracting various sources of funding, which contributes to the accumulation of capitalism, which affects economic growth and the inability of local resources to finance the investment.
- The growing global interest in the importance of attracting foreign investment and reducing dependence on indebtedness and official development assistance in addressing the domestic resource gap and budget deficit in the economies of emerging countries.
- The study adds new research to the Arab library using quantitative analysis.
- Subjective inclinations stemming from a desire to know more about this subject, especially in relation to my desire to completing the study in financing for development.

This study aims to:

1- Recognizing the reality of economic growth in the Arab countries.
2- Studying the impact of foreign investment on the Arab countries under study.
3- Studying the impact of foreign loans on the Arab countries under study.
4- Studying the impact of official development aid on the Arab countries under study.
5- Identifying the economic growth in the Arab countries under study.
6- Presenting recommendations through which it is possible to enhance the role of external finance in economic growth for these countries.

1.4.2 Methodology

The researcher relied on the descriptive analytical method, as it is the appropriate method for the study to clarify the impact of external financing on economic growth using the statistical program views which are mainly used to apply all statistical and standard methods. The study sample includes three Arab countries (Jordan, Egypt, and Palestine) during the period from 1995 to 2015.

The thesis will use Statistics Descriptive, Coefficients Correlation, test Root Unit and secondary sources to obtain the data necessary to formulate the theoretical aspect of the subject of the study and the data used in the analysis. These data will be obtained through the following sources:

- Arab and foreign references (books, periodicals and articles), studies related to publications, reports and published data.
- Published reports and statistics issued by (the Palestinian, Jordanian and Egyptian Central Bureau of Statistics), international institutions, the World Bank, and the Arab Monetary Fund.

4. Literature Review

1.5 Economic Growth and Foreign Investments

Economic growth is an essential component of welfare-oriented economic development and the advancement of a society, which is the human development of its resources, institutions and all its material and cultural levels, it is the development of all the structures of society.

It is on institutions that financing economic growth in any economy to finance economic growth for uneven factors, including lack of exports and micro-resource base, lack of savings and lack of financial systems and its need for expansion and perhaps difficulty multiple infrastructures and its modernization. They are greatly affected by the world, and the interdependence between the economic system and the changes that occur in the economic developments of the countries of the world takes several forms. This may take the form of the exchange of goods or services, or the transfer of the different elements of production from one country to another, such as the movement of capital through foreign investment, official development assistance and foreign loans.

1.5.1 The Concept of Economic Growth and its types:

The researcher believes that there is a condition for economic growth to occur, which is the population growth rate, but if the total income growth rate is equal to the population growth rate, then the average per capita income will remain constant and will not change, and to clarify that, we can say that:

Economic growth rate = total income growth rate - population growth rate

From another perspective, economic growth means an increase in the quantity of goods and services that the individual obtains from spending his national income.
that is, on the amount that the average income of the individual, that is, the number of goods and services that he receives,

Real Growth Rate = The rate of increase in per capita monetary income- Inflation rate

For economic growth, the achieved increase in the average per capita income must be in the long run, it is not a temporary increase that will quickly disappear with the demise of its causes.

1.5.2 The Concept of Development and its Relationship to Growth:

The researcher believes that high growth in national or individual income may not lead to improvement standard of living, low unemployment, and improved income distribution among the classes of society, the concept of development takes another dimension to include social dimensions, after it was limited to economic dimensions only, from this standpoint, many economists seemed to view economic development as a concept broader and more comprehensive, as it began to focus on addressing the problems of unemployment, poverty, and inequality, through the application of the Dudley Sears model, which defines development through the fight against poverty, and the extent of unemployment,
and inequality in distribution, and this stage is also embodied in the Todaro model, which defines development in three dimensions: self-respect, freedom of choice, and satisfaction of basic needs.

This period extended from the end of the sixties until the middle of the seventh decade of the twentieth century (Othman and Abuznet, 2010).

Development has much more dimensions as it is a multidimensional process that includes significant changes in social, economic and cultural structures, and therefore development in its broad sense has defined it as “a set of multidimensionality” according to Nicholas Kaldor, Multiple procedures, policies and measures directed at changing the structure of the national economy and ultimately aiming at achieving a rapid and permanent increase in the average per capita income for an extended period of time, from which the vast majority of members of society benefit.

Although economic growth and economic development may be understood as two expressions of the same thing, they differ greatly, economic growth refers to an increase in the indicators of Different macroeconomics, but development involves much more dimensions as a process It is multi-dimensional, involving major changes in social, cultural, political, and economic structures (Ekanayake, 2009).

1.5.3 The Role of Investments in Growth:

The mission of funding is to supply the economic sector with its various units and institutions with funds necessary to carry out the investment process, achieve development and push the economy forward, the issue of economic development has emerged clearly as an economic concept since the end of World War II.

The prevailing belief at the time was that the problem, in essence, was the problem of lack of funding and investment, it is sufficient that financial resources are available to solve the problem of poverty.

- **The real meaning:** is the provision of services and goods necessary to build production capacities, and form heads of state new money used for development purposes.
- **Monetary meaning:** It is obtaining sufficient cash to provide real resources to create new money.

Investment funding is investment spending, which constitutes one of the components of aggregate demand and is linked to each other in a direct relationship since:

Aggregate demand = consumption + investment + government spending + (exports - imports).

Investment spending differs from other aspects of spending in that it contributes to creating new productivity of the economy through the formation of capital and its accumulation over time.

The researcher believes that with the gap in local resources, the community faces three possibilities to resolve this conflict between the existing savings and the required investments:

1. To accept a lower rate of growth within the limits permitted by its domestic resources.
2. To work to mobilize its latent economic surplus in the various sectors of the national economy, which It is possessed by the relevant social classes and groups.
3. To resort to external sources of financing, including loans, aid, and foreign investments, facing the dangers of falling into a debt trap, and this is the available option that developing countries resort to General.

In the following topics, we will discuss the sources of external financing (loans and aids) and foreign investments.

1.6 Foreign Investments

Foreign investment is the cornerstone of economic and social development, through providing additional resources that are complementary to the national saving within each country as an important source of external financing considering the domestic savings deficit in financing economic growth, international political environment and multinational corporations are a driving force in the system, economic and political internationalism, so that it represents a day, one of the force affecting globalization, an important economic phenomenon in international relations, where these companies control the world, dividing all regions of national leadership in its goods, its services, its technologies, their technologies, credit card and patterns consumerism and it controls enormous natural resources and directly controls the most important economic activities in all societies in the world and the growing influence of these companies to create a strong type of blending between production units, financial and banking institutions at the global level (Delinquencies, 2005)

1.6.1 Types of Investments

- **Local investments:** It means investing money in the various fields available for investment in the local market, regardless of the investment instrument chosen for investment.

- **Foreign investments**: which means investing money in the various available fields. to invest in the foreign market regardless of the investment instrument chosen for investment, foreign investments have been known as one of the important means in the development of national resources for a long time.

1.6.2 Foreign Investment Sections

Foreign investment is divided into three sections as follows:

1.6.2.1 Foreign Direct Investment: FDI

The foreign investor 10% or more of the capital of the institution in which he invested. In addition to his participation in the management of the project with the national investor in the case of joint investment or his complete control over management and organization in the event of his absolute ownership of the investment project, as well as the foreign investor transfers an amount of financial and technological resources and technical expertise into all domains to the host countries (Todaro, 2006)

1.6.2.2 Foreign Portfolio Investment: FPI

It is an investment in company shares of less than 10% in addition to investing in different types of financial securities such as bonds, in other words, this type of investment is natural or legal persons residing in a country to purchase bonds or shares of existing companies in a foreign country, they do not care about the degree of influence exercised, but rather focus on the portfolio the safety of their capital and the increase in the value of the securities they own (Arab Planning Center, 2011)

1.6.2.3 Other Foreign Investments:

These include currency investment, deposits, loans, trade credits, other assets and other liabilities not classified within the first two categories, for example, non-residents keeping their deposits in banks operating in Palestine, or the fact that these banks, for example, grant loans to non-residents. (Arab Planning Center, 2011)

The researcher believes that the emergence of multinational companies is the new image of activity regulation economic in the advanced capitalist economies, where the multinational corporation represents the embodiment these companies (UNCTAD) to the phenomenon of economic life constellation.

They are those institutions with limited or unlimited liability that comprise the mother company and her foreign branches, the parent company is the owner of the assets used in production abroad, as for the foreign branch (wholly or partly owned), it is the limited liability company which is based in the host country and in which the motherland company owns a stake that allows it to participate in the management.

1.7 Official Development Aid

Friendly governments, individuals or institutions in civil society provide financial resources to countries, individuals or institutions in civil society as aid, and it is often linked to certain circumstances, and the importance of humanitarian relief aid provided in the event of disasters and wars is shown with the aim of reducing its negative effects, official grants and government loans target the transfer of resources from developed countries to less developed countries, whether with a view to participation in development and income distribution or redistribution, as well as a privilege granted in favour of a country by another country is considered external assistance, for example, preferential trade treatment based on the abolition of customs tariffs, or its reduction in favour of a country's exports by an importing country, where foreign aid contributes In reducing costs and improving the balance of payments position (Jaber, 2015).

The justification for external financing is due to the imbalance in the relationship between the level of development to be achieved and the need for financing the inability of domestic savings to meet the need for investments, and the inability of exports to cover imports, an issue that led to the emergence of what is known as the resource gap, which represents the difference between what is achieved from actual resources and the resources it needs. Foreign aid is defined as "capital flows that are provided on concessional terms to developing countries - especially non-oil ones - and which suffer from difficulties in achieving sufficient capital accumulations through their foreign trade in a regular manner." (Habib, 1994)

1.7.1 Types of Foreign Aids

1.7.1.1 According to the Nature of Foreign Aid

- **Grants**: They are cash and in-kind transfers granted by one country to another for different considerations, and they are non-refundable transfers.
- **Cash aid**: It is the money that is transferred from one country to another and puts it at the disposal of the donor country, which is the traditional form of foreign aid, usually in the currency of the donor country, or in another currency in exceptional cases.
- **In kind aid**: They are food and agricultural commodities and the like.
- **Soft Loans**: It is governed by rules different from the rules of the market in terms of interest rates that are less than the prevailing market rate or in terms of grace and repayment periods, which are usually longer so that the grant element appears, but if the conditions of the grant match the conditions of the ordinary loan, it is not considered as foreign aid or assistance.
- **Sector related aid**: It is the aid that is provided to a specific country for the purpose of its development, without specifying the specific projects themselves.
- **Project related aid**: It is the aid allocated to a specific project, and donor countries prefer this type because of the ease of control over it, but it is not popular with the granting countries because of the restrictions imposed on it due to the lack of freedom to dispose of this type of aid.
- **Direct and indirect aid**: With direct aid, the traditional form of foreign aid is grants, soft loans and others. As for indirect grants, they are no less important from an economic point of view than direct foreign aid and take the form of preferential customs tariffs or exemptions offered by some developed countries to some of the exports of developing countries, which allows to reduce costs and achieve higher profit than if this privilege is not granted.

1.7.1.2 According to Foreign Aid Sources

- **Bilateral or single-source aid:** which is based on bilateral relations between the donor country and the recipient country.
- **Multi-Source aid:** aid provided by international organizations specialized in economic development, such as the International Monetary Fund and the Organization of Petroleum Exporting Countries (OPEC).

1.7.1.3 According to the way Foreign Aid is Disposed of.

- **Tied aid:** In which the donor country imports the linked goods and services from them or links them to a specific sector within the country receiving foreign aid.
- **Untied aid:** It is left to the granting state.

1.7.2 Aid and Economic Growth

The goal of aid is economic growth and improvement of the different levels of development, the ability of aid to accelerate economic growth depends on the ability of the aid-receiving country to absorb it and that benefiting from aid depends on key factors, including: the institutional, organizational and administrative capacities of national and local governments, infrastructure and the skill of human forces, in the absence of these factors, the desired results of aid will inevitably be counterproductive.

This goal can actually be achieved if the aid funds are optimally utilized in the infrastructure sector, including strengthening important sectors such as education and health, supporting productive sectors, introducing new ideas and technologies and supporting economic stability after economic crises (Husaini, 1999)

Foreign aid adds an increase in consumption instead of an increase in saving and thus a decrease in investment and encourages distortion of resource allocation, which ultimately means a negative impact on the economic growth process and affects the exchange rates through the flow of foreign exchange resulting from receiving foreign aid, which contributes to putting pressure on the real exchange rate by stimulating inflation, leading to a loss of competitiveness of exports and resistance to efforts being made to increase it, and this happens specifically with countries that depend on aid.

> The aid in the recipient countries works in one way or another on the lack of self-reliance and prevents them from searching for local resources within their territories, aid can work to destroy the internal activities of the recipient country in the case of in-kind aid, such as sending food items during the seasons of agricultural activity, foreign aid helps in the converging countries with corruption, bribery and nepotism, which will in one way or another destroy the effectiveness of foreign aid if it is received (Todaro, 2006)

The researcher sees the transfer of resources from developed and friendly countries to less developed countries, whether that was with a goal of participation in development and income distribution or redistribution, is considered a privilege granted to a state, where foreign aid contributes to reducing costs and improving the balance of payments situation, and its importance appears in the event of disasters and wars, studies indicate that there is a relationship between foreign aid and the increase in foreign debt in a way that makes these debts one of the main obstacles to development plans and the costs of servicing foreign debt harm economic growth and the justification of these borrowing countries was that providing capital is the main factor in achieving growth, this gave the underdeveloped countries the justification for expanding borrowing.

1.8 Foreign Debts.

Debts are divided into:

- Internal debts, which includes all financial obligations of the state and public bodies and institutions towards the national economy, namely loans, treasury bonds and treasury bills.
- External debt, which includes the financial obligations owed by the state towards abroad.

External debts result from agreements concluded directly and recognized by the governments of a city on one side and international institutions and/or foreign governments and/or foreign banks from the other party and result from operations carried out by these governments in the past and are committed to fulfilling them, taking into account the scheduling processes So that the value of the outstanding and registered foreign debts in international institutions does not differ.

The World Bank defines foreign debt as: “those debts that are repaid to official borrowers from abroad in a foreign currency or goods and services and whose repayment period is original or extends for more than one year and which is considered a direct obligation of a public legal person in the debtor country or its guarantee.” (The World Bank, External Debt Statistics Database) The World Bank receives its information from member countries, and it is recorded in the reports sent.

The World Bank has medium and long-term loans, meaning those with a term of more than one year, and it does not include debt arising from private sources, as well as debt that is less than one year. These countries usually do not disclose all their military debts. The World Bank issues annual tables called global debt tables.

1.8.1 Reasons for countries resorting to external debt.

External debts of all kinds, public and private, are a general phenomenon of international trade since antiquity, so that there is no economic entity or political entity except for the methods of this section to finance the internal gaps represented in the deficit of public balances or those represented in the balance of payments, so this trend is justified of the shortcomings in its overall indicators, the economic conditions and conditions experienced by the developing countries after gaining political independence resulting them to look for opportunities to develop the local economy, it is possible to divide the factors of resorting to debts into internal and external factors. As shown in Table (4.1) and Table (4.2)

Table 4. 1: Factors of resorting to debt

External Factors	Internal Factors
-The decline in the prices of raw materials and basic commodities in global markets -Oil price hike -The rise in the price of the dollar and the rise in interest rates of all kinds (nominal - international - real) -protective measures	-Domestic Resource Gap -declining export yield -Increased military spending -Poor management and capital flight -Manufacturing Mode Failed -Directing loans to consumer goods or unproductive projects -local inflation

Source: Mohammed Ibn Al-Aqla, The Problem of Foreign Debt of Islamic Countries and Its Effects, Alexandria: 1999.

The researcher believes that there are several factors that exacerbated the problem of foreign debt after the country became indebted, namely:

Table 4. 2: Factors that aggravated the foreign debt problem

External factors and the liability of creditors	Internal Factors
High real interest rates	The small amount of national savings in developing countries
Changes in oil prices and the effects of the economic recession on capitalist countries during the seventies	Deficiency and/or absence of sound policies for the development process
The deterioration of the terms of international trade	Poor management of external debt
The measures to impose customs protection on exports of developing countries	Smuggling of capital from developing countries
	Domestic Inflation and the Deterioration of Exchange Rates

Source: Fadila Delinquencies, The Problem of External Debt and Its Impact on Economic Development in the Arab Countries, University of Algiers, 2005

1.8.2 Types of External Debt:

The quality of foreign loans varies depending on the entity that issues it and the entity that receives it, as well as the purpose for which it is spent, external debts can be cash amounts obtained by the country, usually in foreign currencies such as dollars and euros or commodity flows that can be repaid in goods or cash according to the contract.

External debt can be divided synthetically into:

1.8.2.1 External Debts are Classified According to the Repayment Period

Table 4. 3: External debts by repayment period

Long term loans	Short term loans
Debts that are due to be repaid within a time period of more than one year and may exceed ten years. This type is characterized by its low costs compared to the first type and the abundance of its facilities, and another type is usually added to it, which is the medium-term debt Related to economic plans	They are debts that must be repaid within a maximum period of one year. This type of debt is characterized by its high costs, and countries usually do not resort to it except in the event of a lack of redress. Correcting a temporary deficit in its budget

Source: Mohammed Ibn Al-Aqla, The Problem of Foreign Debt of Islamic Countries and Its Effects, Alexandria: 1999.

1.8.2.2 According to Currency issued

- **Government debt:** It is for the state to issue bonds in the official local currency within the debtor state, and this process is often directed to investors within the borders of the state.
- **Sovereign debt:** It is for the state to issue bonds in a currency other than its local currency, but in a foreign currency that is generally accepted in the international community, such as the Euro, Yen or US Dollar.

1.9 The Economic Effects of Foreign Debt

External debt affects most of the macroeconomic variables, including:

1. The impact on exports: Where exports act as a locomotive for the economic growth of any country, by increasing the productivity of labour to expand production necessary for export, and the negative impact of the external debt on this sector lies in particular with regard to debt service, which is in fact a deduction from the proceeds and the principal of the loan to bounce back It is paid back into the pockets of creditors, as this burden rises, the pressure on the surplus balances of payments increases. The rise in the ratio of external debt to GDP and then the rise in the debt

service ratio may push the internal economic sectors to transfer Capitals abroad instead of saving them due to the future fear of servicing this debt and thus depriving the most important part of these sectors, which is the investment, which will be negatively affected directly.

2. The impact on foreign direct investment and domestic investment: The rise in foreign debt service will reduce the flows of foreign direct investment, and this effect comes when the state feels difficulties in meeting the repayment of the accrued dues and interests in the circumstances and situations of financial hardship, so the state imposes some restrictions on the income and profits of direct investment companies In the form of taxes to pay off their external obligations, the researcher believes that with the passage of time, foreign companies will absorb the financial resources available in the country in which they are invested; And the generated surpluses are less, which exacerbates a deficit in the balance of payments, which is one of the most important reasons for external borrowing because it will be recorded on the debit side, and then it will exacerbate its ability to service its external debt, which is something that cannot be accepted and things do not stop at this point of inconveniences on The structure of the economy, but extends to pressure on local private investment, causing distortions in the distribution of investments, and also leads to a weak ability to absorb new investments.

3. The impact on the provision of foreign exchange, exchange rates and inflation: - The debtor developing countries were exposed to many challenges resulting from debt service, especially the structural imbalances in the standards of living that differ from one country to another and sometimes within the same country, achieving the goal for which these cash balances were obtained for reasons characterized by their misuse as flight and capital smuggling, administrative corruption that stuck to the ruling regimes and others that stifled economic growth in the Arab countries. The increase in inflation was at lower rates than the growth in the external debt structure of some Arab countries as studied previously, so it is no coincidence that the economists stated that the synchronization between the debt problem and the demands of development is a reciprocal time linked to each other (Riyad Saleh Abu Al-Atta, 1998)

Since the concept of inflation is an increase in the money supply; External borrowing would exacerbate the problems of the economy and increase inflationary pressures, considering that these balances are cash that are pumped and created into the economy at a rate that exceeds the growth of the national or domestic gross product, meaning that the productive base of the economy did not generate these balances, and they negatively affect the economy. Any decrease in the local currency rate will increase the value of the external debt in relation to the gross domestic product, considering that this output is monetary valued at the local exchange rates of the debtor country. The uncertainty that generates economic instability resulting from the adopted macroeconomic policies that will negatively affect economic growth, which are taken into account when international institutions such as the International Monetary Fund offer new loans, especially structural adjustment loans, meaning that they will limit the state's access to external loans Additional (Sharry Spiegel, 2007).

In the event that the state's external debt rises and it faces the accumulated burdens in the form of debt service, it will drain its foreign exchange reserves and weaken its ability to financial ease and weaken the economic structure, especially when these burdens put pressure on imports that may be essential, such as intermediate or food commodities or machinery and equipment, which impede economic growth In any country, which is mainly affected by inflation and the exchange rate according to the changes taking place in them, whether positively or negatively. (Mohammed Abu al-Fahm, 2005)

The foreign exchange reserve can be considered as an indicator of the economy's ability to pay off foreign debts, because it is the stock of safety that helps the state to face emergency crises on the one hand, and because it determines the creditor's confidence in the debtor on the other hand.

The effect on the mobilization of domestic savings: - The effect of external debt on domestic savings lies in the consideration that the burdens resulting from debt service represented in debt payments deduct part of the income in the form of leakages that do not benefit from this national income, but are considered part of the consumption of income and thus pressure this burden on the total savings and deprives the most important element of the economy, namely investment, from benefiting from it. It is necessary to link the issue of saving Obtaining funds for investment on the one hand, and the interest rate on those funds on the other hand, obtaining an external loan accompanied by high interest rates, Marginal Efficiency Of Capital (MEC), which in turn weakens the sufficiency of the capital's margin, leads to a decrease in the demand for capital, and this contradicts the development requirements of countries in general, while the increase in the interest rate from both theoretical and practical perspectives will lead to the development of domestic savings. , meaning that saving will be affected in a positive direction at times in the event of an increase in interest rates, but at the same time it will increase the ability of countries to meet the obligations owed by them abroad and will negatively affect the local economy, but the degree of influence depends primarily on whichever changes more, the marginal sufficiency or the interest rate And then its impact on the economy is measured (Ramzi Zaki,1966).

4. The effect on the balance of payments: The balance of payments is defined as the accounting record that is recorded

   The flow of goods and services or the movement of funds between a country and the outside world, transactions that result in receipts are recorded as credit operations, in which exports are considered financial assets as their main resource, while transactions that result in payments are recorded as debit operations such as imports. (Sami Khalil,1994).

   Many capital account entries are loans and payments as a result of current account entries. For example, any deficit in the current account requires the country to borrow to pay the price of imports, and this is the dominant feature of developing and Arab countries as a practical case, and in the case of excessive borrowing from abroad, the service of the external debt may become unsustainable, which leads to To a decline in economic growth accompanied by a clear deficit in its balance of payments. Rather, it is not surprising that international studies confirmed that to alleviate the current balance deficit of the (Arab) borrowing countries, it is first necessary to improve macroeconomic policies and debt management in debtor countries. (Trade and Development Report., 2008)

1.10 The Reality of Economic Growth and Foreign investments: Case Study of (Egypt, Jordan, Palestine).

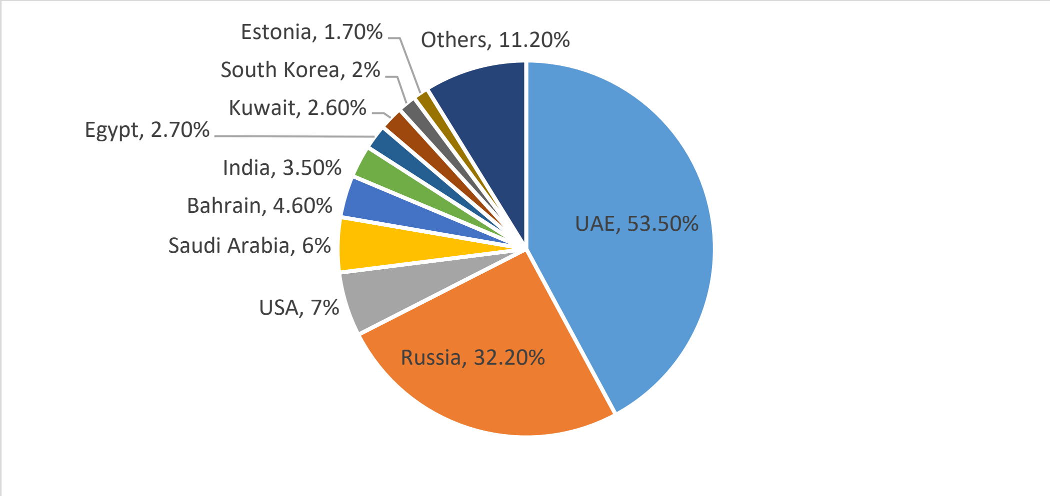
Foreign direct investment flows began in the Arab countries with the beginning of their mandate by the European countries, companies and projects were established to serve the mandate countries and their armies located on their soil, including railways, oil installations, and telephone lines, as they are fixed on the territory of the mandated countries, since the eighties of the twentieth century, a competitive trend has prevailed among developing countries, including the Arab world, to take a number of measures to ensure that more advantages and incentives are given to local and foreign investors.

The reality of foreign direct investment in the case countries since the beginning of the twenty-first century will be presented:

1.10.1 Jordan:

In 2014, Jordan succeeded in attracting direct foreign investments, according to UNCTAD estimates, representing 4% of the Arab total for the same year, the balances of direct investments incoming to Jordan at the end of 2014 amounted to about 28.7 billion dollars, representing 3.6% of the Arab total during the same period, according to the Financial Institution FDI Markets, the new (greenfield) database indicates that the global times during the period between January 2003 and May 2015 indicated that the number of projects Foreign direct investment in Jordan has 307 projects being implemented by 245 Arab and foreign companies, and it is estimated that the total investment cost of these projects is about $43.5 billion and employs about 65 thousand workers. (Mohammed Abu al-Fahm, 2005)

Figure 4. 1: The most important countries investing in Jordan between January 2003 and May 2015



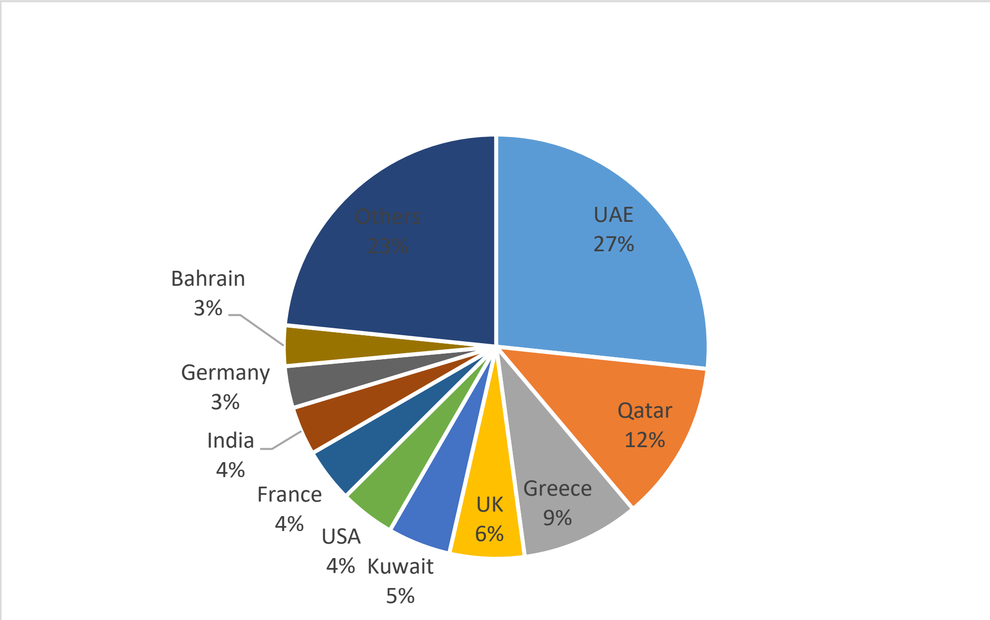
Source: Investment Guarantee Corporation, 2015.

The UAE, Russia, United States, Saudi Arabia, Bahrain, India, Egypt, Kuwait and South Korea, respectively, are among the most important countries investing in Jordan according to the investment cost of projects, while the UAE, Russia and the United States share about 66% of the total.

1.10.2 Egypt

In 2014, Egypt succeeded in attracting direct foreign investments worth $4,783 million, according to UNCTAD estimates, representing 10.9% of the Arab total for the same year. The balances of foreign direct investments incoming to Egypt at the end of 2014 amounted to about 87.9 billion dollars, representing 11.1% of the Arab total during the same period. According to the Financial Times FDI Markets, the new global (greenfield) database indicates the following during the period between January 2003 and May 2015:

Figure 4. 2: The most important countries investing in Egypt between January 2003 and May 2015



Source: Investment Guarantee Corporation, 2015.

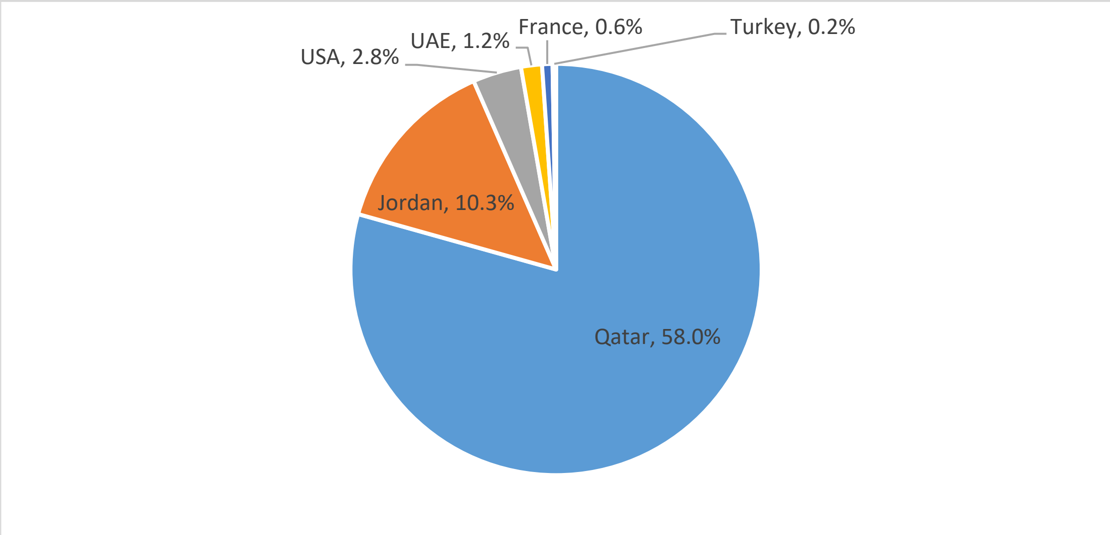
The UAE, Qatar, Greece, the United Kingdom, Kuwait, the United States, France, India, Germany and Bahrain, respectively, were in the list of the most important countries investing in Egypt according to the investment cost of projects, while the share of the UAE, Qatar and Greece amounted to about 48% of the total.

1.10.3 Palestine

In 2014, Palestine succeeded in attracting direct foreign investments worth 123 million dollars, according to UNCTAD estimates, representing 0.3% of the Arab total for the same year, the balances of direct investments incoming to Palestine at the end of 2014 amounted to about 2.5 billion dollars, representing 0.3% of the Arab total during the same period. (Investment Guarantee Corporation, 2015) With regard to Palestine's activity on the level of foreign direct investments affiliated with the Financial Times Foundation, (Othman, and Abuznet, 2010). FDI Markets, the new global (Greenfield) database during the period between January 2003 and May 2015 indicates the following:

The number of foreign direct investment projects in Palestine has reached 16 projects that are being implemented by 10 Arab and foreign companies, and estimates indicate that the total investment cost of these projects is about 1.2 billion dollars and employs about 4.2 thousand workers. (Investment Guarantee Corporation, 2015)

Figure 4. 3: The most important investing countries in Palestine between January 2003 and May 2015



Source: The Investment Guarantee Corporation, 2015.

Qatar, Jordan, the United States, the United Arab Emirates, France and Turkey ranked, respectively, in the list of the most important countries investing in Palestine according to the investment cost of projects, while the share of Qatar, Jordan and the United States amounted to 98% of the total.

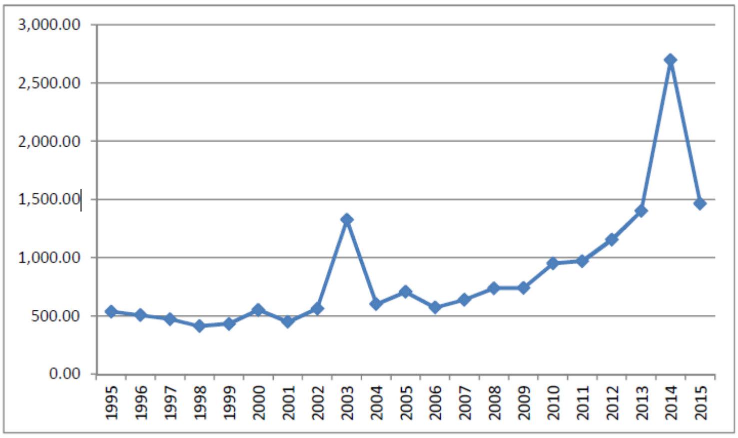
1.11 Official Development Assistance in the Case Countries:

1.11.1 Jordan

Jordan has been empowered thanks to the distinguished relations it has with various countries and donors, financing from obtaining foreign aid from grants, soft loans and technical assistance to secure the financing necessary for the implementation of priority development projects and programs in line with the priorities and plans of the government in a number of vital sectors, especially water, sanitation, education, energy, health, infrastructure, roads, support for the poverty, youth sectors and others, in addition to supporting the general budget, with the aim of contributing to promoting growth and sustainable development. The volume of foreign aid (grants and soft loans) committed by various countries, donors and financing agencies, whose agreements were signed during the years 2004-2015, where the value of committed grants during that period amounted to about 16 billion dollars. A total of about 10.8 billion dollars, while the value of the soft loans contracted reached about 5.2 billion dollars to support development projects in priority sectors in addition to supporting the general budget (Investment Guarantee Corporation, 2015).

Jordanian political positions have contributed to attracting development aid sharply, especially in the war on Iraq in the year 2003, it rose to nearly one and a half billion dollars, as a price for the political stance towards the invasion of Iraq and the overthrow of the Iraqi regime and to cover the expenses of many Iraqis seeking refuge in Jordan, the aid rose to 2.5 billion dollars in 2014 to face the effects of the civil war in Syria and Iraq on the Kingdom and its hosting of millions of Syrian and international refugees. As in Figure (4.4)

Figure 4. 4: Official development aid to Jordan



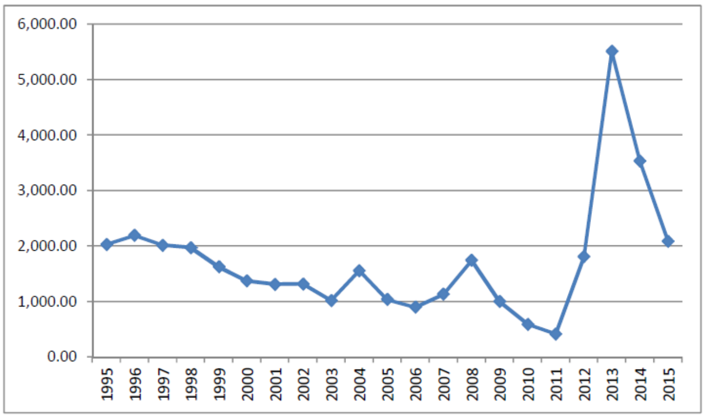
Source: OECD, Development Assistance Committee, International Development Statistics, DAC Statistics, Paris, 2015.

1.11.2 Egypt

Egypt has suffered from many challenges at the political, economic, security and social level with the end of the monarchy in Egypt, which was followed by many disturbances and quarrels that negatively affected the economic situation, which was manifested in the decline in the size of the monetary reserve with the Central Bank, with the decline in the number of tourists coming to the country and the increase in the volume of public debt, whether domestic or external, as a natural result of the increase in the state’s general budget deficit, and the slowdown in economic growth, as its rates regressed significantly with a complete decline in the volume of investments, whether domestic or foreign and the weak employment opportunities generated in the national economy, especially with the closure of many factories and companies in light of the existing conditions during this period (Alexandria, 1999).

The events 11th of September 2001 imposed more pressure on Egypt to carry out constitutional and political reforms and progress in these files was linked to the aid program, as this appeared in an increase in the share of democratic and governance programs until it reached 16% of the total aid link, especially from the Obama administration, maintained a less aggressive policy, it praised Egypt's role in the region and stipulated granting it 1,555 billion dollars, including 1.3 billion dollars in military aid. However, Arab and Gulf aid declined after the fall of the Egyptian regime, and development aid fell to less than a billion dollars in 2011. After President El-Sisi assumed power, the Gulf Arab aid, especially from the UAE, Saudi Arabia and Kuwait, resumed flowing, reaching nearly $6 billion in 2014 (Central Agency for Mobilization and Statistics, 2016).

Figure 4. 5: Turkish aid to the Arab Republic of Egypt



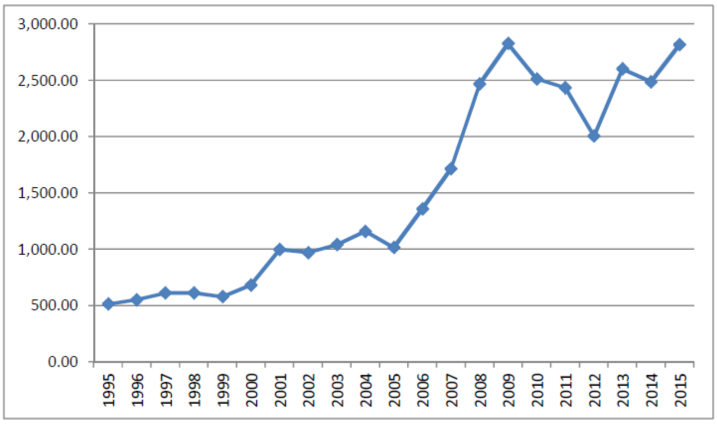
Source: OECD, Development Assistance Committee, International Development Statistics , DAC Statistics, Paris, 2015.

1.11.3 Palestine

In 1993, the Oslo Agreement was signed, and one of its most important goals was to support peace, establish the self-governing authority, and finance development in the West Bank and Gaza Strip, donors to provide large sums of money to finance the process of economic and social transformation in the land, the World Bank agreed with donors to formulate an emergency aid program to be implemented under its supervision, and the Palestinian Economic Council for Development and Reconstruction (PECDAR) was established as a Palestinian channel operating under the supervision of the World Bank. When ministries and organs of the Palestinian Authority were established; The task of coordinating and receiving bilateral foreign aid was transferred to the Ministry of Planning and International Cooperation, and (PECDAR) remained as the coordinator of multilateral foreign aid, supervising projects funded by the World Bank, and there were other bodies receiving aid in the Palestinian territories according to The priorities of the donor and recipient such as institutions and agencies affiliated with the authority and non-governmental organizations, and the emergency aid program is no longer a single frame of reference. The first meeting of the donor countries was held in December 1993, in which attempts to assess the investments urgently needed by the Palestinian economy appeared. During the meeting, the emergency aid program was presented, and the volume of investments during that period was estimated at about 1.2 billion dollars distributed among different sectors Important among them are infrastructure, support for the private sector, the establishment of local government administration and technical assistance, and this program has achieved reasonable success. (The Planning Department, 2015)

The forms in which foreign aid was provided to the Palestinian Authority varied, between formal and informal. Official aid was provided in the form of grants, grants and foreign loans divided according to their sources into bilateral loans, commercial loans, and multilateral loans. As for the unofficial aid; It was presented without passing through the Palestinian Authority through parties and social institutions that have no previous count and are not included in this study. In the Palestinian territories, there are many institutions that receive foreign aid, the most important of which is the United Nations Relief and Works Agency, and there are also non-governmental organizations in addition to the Palestinian Authority, where the authority and its official institutions accounted for 87% of foreign aid, in While the NGO sector receives 8%, and UNRWA receives 5% of this aid, which means that the largest amount goes to the benefit of the Palestinian Authority and its official institutions, with the goal of achieving the desired growth of such assistance. (Samara, 2012)

Figure 4. 6: Official development aid to Palestine



Source: OECD, Development Assistance Committee, International development Statistics, DAC Statistics, Paris, 2015

1.12 Reasons for the Foreign Debt of Arab Borrowing Countries

It reflected the economic distortions that the Arab countries suffered, especially after the end of the stages of national liberation, and because of pushing the wheels of growth and advancing their economies, they resorted to external borrowing, unaware of the weight and burdens that could be left on successive generations who did not benefit from these loans. Some Arab countries that suffer from the problem of foreign debt and the rapid growth of debt and service burdens, found themselves in a dilemma that was unable to walk this bumpy road that drains the economic merit of their countries, and with expectations of default in payment and the failure of rescheduling operations, these countries began to The demands of creditors to freeze the external loans owed on them, and even exceeded that, to the extent that the Arab borrowing countries were asked to either cancel some debts or even obtain soft loans to remove the dust of stringent conditions for borrowing, especially with regard to grace periods and interest rates. Based on the World Bank's debtor country registration system. (The World Trade and Development Organization - External Debt Statistics, 1970 - 2000).

The reasons for the increase in foreign debts of Arab borrowing countries are due to the following:

- The decrease in the level of real income per capita, which led to a decrease in saving rates and thus a gap between savings and the volume of required investments, so they resorted to external borrowing (Arab Planning Centre, 2006)

- Economic mismanagement and wrong policies such as public sector problems and excessive bureaucracy
- The increase in military spending has a direct impact on developing countries' resort to borrowing. Especially after the developing countries gained their independence, these countries used to borrow externally, which is represented in the expenses of armaments, which constitute a burden.
- Restrictions on the freedom of borrowing countries to use the loan balance
- Inadequate feasibility studies for many projects that received funding.
- Directing part of the high-cost loans to low-return non-productive projects

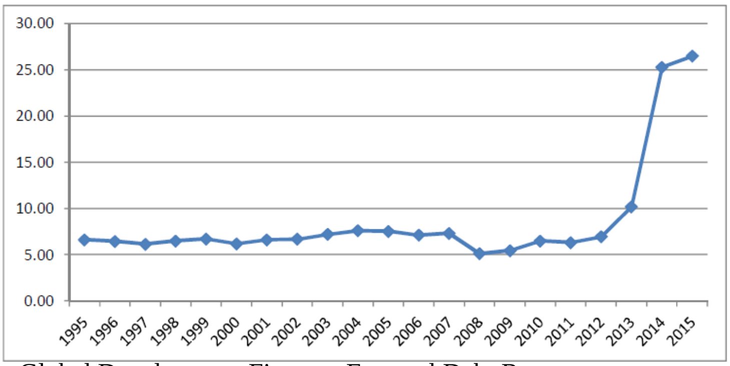
1.13 External Debt of Analysed Countries:

Studying the levels of indebtedness and the burdens of repaying these debts constitute an important element for monitoring and analysing the external debt situation of the borrowing countries as developing countries.

1.13.1 Jordan

Jordan obtained foreign Investments in abundance, and the scheduling operations accelerated after the second Gulf War and the Jordanian monarchy's support for the American strikes on Iraq, Jordan signed a new agreement with the International Monetary Fund and granted it millions of special drawing rights, even after the Wadi Araba agreement with S. Ariel Jordan has become the largest Arab country to receive aid from the United States. (Hegazy, 2004). Jordan's debts amounted to 6.18 billion dollars in the year 2000, exceeding the size of its debts at the end of 2015 amounting to 26.50 billion dollars, with an average increase rate of 328% during the fifteen years. And the Jordanian Ministry of Finance states that there is a need for the state to cover the increase in public spending through external loans, as the resource gap of (-9.705) billion dollars in 2008 and the ratio of state revenues to GDP decreased to 27.5% at the end of 2008. However, its external debt decreased slightly, but it was noticed at the end of 2010 (6.49) billion dollars, that Jordan issued Eurobonds to finance its projects and fill the budget deficit to mature after five years at an interest rate of 4%. (Central Bank of Jordan, 2010). There are two other reasons related to the increase in foreign debt. The first reason: the increase in military expenditures, and the second is the influx of refugees from Syria and Iraq with the persistence of the budget deficit, as Figure (4.7) shows this the sharp rise in the indebtedness of the Hashemite Kingdom of Jordan until 2015.

Figure 4. 7: shows Jordan's foreign debt in billions of dollars (1995-2015)

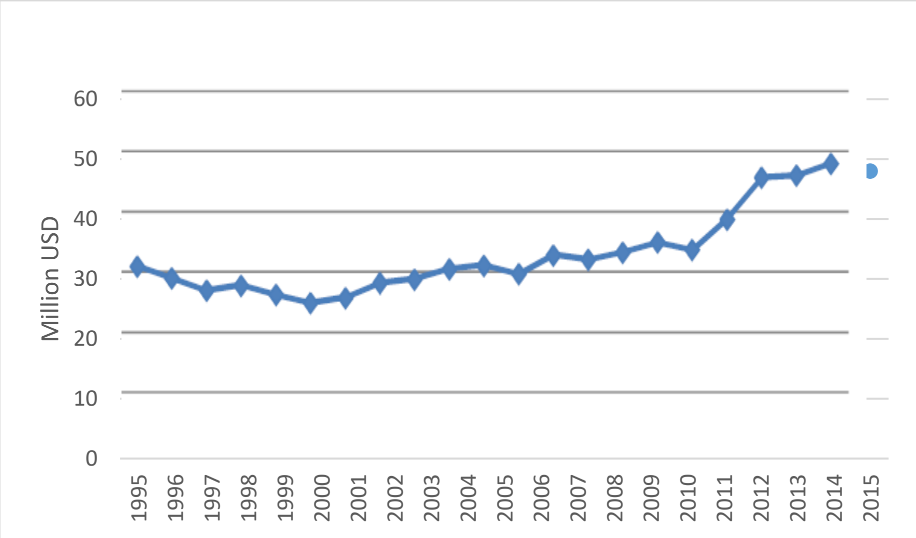


Source: World Bank, Global Development Finance, External Debt Report

1.13.2 Egypt

The Egyptian economy is one of the largest borrowing Arab countries, after it was estimated in the year 2000, it was estimated at 24.91 billion dollars. Then, in 2003, the government issued dollar bonds, bringing the amount of the outstanding debt to 28.84 billion, then increased in successive years to rise at the end of 2015 to 48.06% at the end of 2015. With a growth rate of 66.6, when we talk about Egypt's external debt, we pause for a while, although the growth of the external debt did not exceed the safe level (20%), but if we collect the scheduling and exemption processes, especially the military debt, we will find that it exceeded 60 billion dollars, and the reasons for the development are not different The volume of external loans owed by Egypt from the rest of the developing countries, some attribute it to the flight of capital, the resource gap, and the inability to grow exports, which in turn reduces the provision of international reserves to meet the outstanding international payment crises, increasing the state's general budget deficit and resorting to borrowing to fill part of the deficit, the increase in expenditures exceeds the rates of increase in government revenues, which in turn is due to the impact of four factors, growth in the government administrative apparatus, an increase in both military expenditures, transfer payments, inflation, exemptions, and tax allowances.

Figure 4. 8: **shows Egypt's foreign debt in billion dollars (1995-2015)**



Source: World Bank, Global Development Finance, External Debt Report

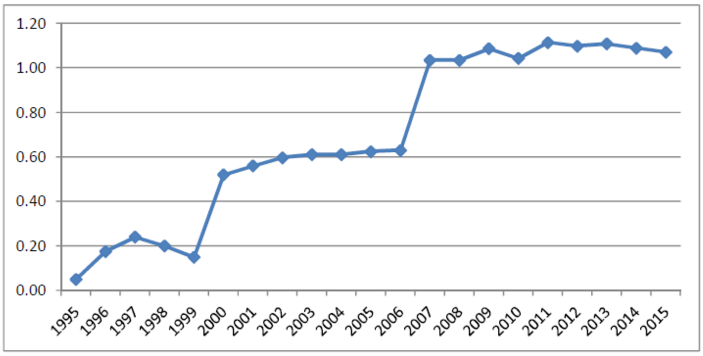
1.13.3 Palestine

The Palestinian economy is considered a weak economy and its macroeconomic indicators are modest, and it faces an organized aggression that is trying to weaken its ability over time. The Palestinian Authority manages its financial resources to ensure that the public expenditures of the internal community are met, considering the worsening deficit of its public budget, as well as the deficit of the increasing resource gap, through domestic and external borrowing.

Palestine has a very serious matter, and since the authority stops paying its dues (debt service) due to its recurring crises with the surrounding circumstances, it will cost the private sector great difficulties as it is the lender, data issued by the Ministry of Finance show that the bulk of the public debt comes from external sources within the framework of international aid, and these data indicate that about two-thirds of the public debt is external debt to countries and international institutions during the period (2001-2011). The total external debt increased from 378 million dollars in 2000 to 1261 dollars in 2011 with an increase rate of 233.6%, but it decreased in 2012 to 1.1 billion dollars. (Samara, 2012)

It is worth noting that the bulk, with a percentage of 94%, of external loans is for 30 years, with an average of 15 years, and a repayment period of 12, the grace period of which ranges between 10 and interest does not exceed 3%, and this reflects the stability of government debt The external interest in the volume of interest payments, which is considered constant and relatively few, as the average interest paid on external government debt is 0.3 million dollars per month during the period between January 2012 and April 2013 (the Monetary Authority, 2013). The government year during the year 2015 showed that this debt constituted about 68.8% of the total public revenues and grants, and about 87.4% of the public revenues, compared to about 53.3% and 75.7% in the previous year, respectively. This is an indicator of the weak financial position of the Palestinian government and its heavy dependence on irregular foreign aid and grants, which contributed to reducing the ratio of debt to government revenues by about 18.6% from 87.4% to 68.

Figure 4. 9: shows the foreign debts of the Palestinian Authority in billions of dollars (1995-2015).



Source: World Bank, Global Development Finance, External Debt Report

1.14 Conclusion

The situation countries lack real resources needed to form the capital necessary for the process of economic growth and development, so they resort to obtaining financial resources by attracting foreign investment, but the conditions of these countries increase the budget deficit, so governments borrow external and internal, but these new financial resources did not go towards productive projects so that governments would be able to service debts in light of high population growth, which means that consumption rates are the most developed components of GDP, and this in turn reflects the distortion in economic structures she has.

5. The Standard Analysis of the Impact of Foreign Investments on Economic Growth "Practical Study"

This chapter includes a presentation of data analysis and testing of the study hypotheses, by analysing the data obtained, reviewing the most prominent results that were reached, and identifying the study variables. Therefore, statistical treatments of the combined data were conducted during the period from 1995 to 2015 using the statistical analysis program.

1.15 Study hypotheses:

- Foreign investment positively affects the economic growth of these countries.
- External loans negatively affect the economic growth of these countries.
- Development aid positively affects the economic growth of these countries.

In this study, the model will take the following linear mathematical formula, which is:

$$\mathbf{Y = f(X_1 ، X_2 ، X_3)} \text{......................} \mathbf{(1).}$$

$$\mathbf{Y = a + b_1 X_1 - b_2 X_2 + b_3 X_3 + \varepsilon} \text{ ....} \mathbf{(2)}$$

- Y: value of GDP.
- X1: The value of foreign investment. The expected signal is positive
- X2: The value of the total external debt. Its expected sign is negative
- X3: Amount of official development assistance. The expected signal is positive
- ε: Represents the term of the random error of the equation Term (Error), whose value is assumed to be normally distributed and with an arithmetic mean = zero, a constant variance, and a constant variance.
- a: constant
- b1, b2, b3 : are the model parameters to be estimated**.**

1.16 Statistical methods used

Standard methods were used to analyse cross-sectional data over time, and these methods were as follows:

- **Descriptive Statistics**: The study relied on descriptive statistical measures (arithmetic mean, standard deviation, least value and largest value) to describe the data of the study variables, and illustrative graphs were also used.
- **Correlation Coefficients:** A coefficient was used to measure the strength of the linear relationship between the study variables, and through the result of the Pearson correlation coefficient can be inferred the presence or absence of an effect between each pair of pairs of variables.
- **Unit root test:** The unit root test is used to verify the stability of time series and to determine the degree of integration of each series (the degree of stability), where the condition of stability is a prerequisite for analysing time series to reach sound and logical results, and there are many tests that is used to test the sedation of time series, and this test depends on (Augmented Dickey Fuller), including the two Expanded Dickey Fuller tests, to test the following two hypotheses:

1. The null hypothesis which indicates that the time series are not static
   $H_0 : \rho = 0$
2. The alternative hypothesis that the time series is inactive
   $H_1 : \rho \neq 0$

If the null hypothesis is rejected, this indicates that the time series will not remain at its levels, but if the null hypothesis is not rejected, this indicates that the time series will remain at its levels.

- **Ordinary Least Squares (OLS):** After making sure that the time series were stable, the regression models were estimated using the ordinary least squares method, which is considered the most widely used by researchers in the field of data analysis.
- **Regression model:** The study data are of a cross-sectional nature over time , so the appropriate regression model was chosen to measure the relationship between the independent variables and the dependent variable, the method assumes that the

valuable value b_0 Fixed Effects vary for each State, while the stability of the regression coefficient for all States, which is used to explain the value of the regression factor through the use of the corresponding test value for each of the independent screening, the Adjusted R-Squared average is also used , which measures the rate of change in the dependent variable that can be explained by the independent variables combined, i.e. the explanatory power of the model, and these methods are consistent with the nature of the data and the hypotheses of the study during the two periods, the two variables, From 1995 to 2015.

1.17 Descriptive Statistics for the Study Variables:

Before starting to analyse the data and test hypotheses, it is necessary to describe the data of the study variables and clarify their main features, using the most common descriptive statistical analysis methods, which are the arithmetic mean, standard deviation, the lowest and highest value. Table (5.1) shows the results of descriptive statistics for the study variables.

Table 5. 1: Descriptive statistics for study variables by country

Country	Variable	Minimum	Maximum	Mean	Standard Deviation
Egypt	GDP	105.90	247.70	172.77	46.41
	ODA	416.40	5508.20	1721.70	1100.15
	external debt	24.90	48.10	32.66	6.73
	foreign investment	-	16827.50	3451.78	5306.23
Jordan	GDP	12.20	30.20	20.38	6.40
	ODA	412.50	2699.10	852.61	535.14
	external debt	5.10	26.50	8.60	5.84
	foreign investment	-172.50	3507.20	1279.81	1274.44
Palestine	GDP	3.90	11.70	7.82	2.09
	ODA	514.10	2826.70	1522.72	862.55
	external debt	0.10	1.10	0.69	0.37
	foreign investment	-161.10	362.50	43.28	126.07

Table (5.1) shows some statistical measures for each variable, such as the mean, standard deviation, and the lowest and highest value by country, through which we measure the extent to which it can be relied upon as a good basis for reaching the parameters of the community, and to test their statistical suitability using moral tests.

1.18 Correlation Coefficients for the Study Variables:

The Pearson correlation coefficient test was used to find out whether there is a relationshipbetween the study variables or not, and the following table illustrates this.

Table 5. 2: Correlation coefficients for study variables

Variables		Official development aid	External debt	Foreign investment	GDP
Official development aid	Pearson's correlation coefficient	1			
	probability value(sig.)				
External debt	Pearson's correlation coefficient	0.349			
	probability value(sig.)	0.003*			
Foreign investment	Pearson's correlation coefficient	0.118	0.457	1	
	probability value(sig.)	0.179	0.000*		
GDP	Pearson's correlation coefficient	0.301	0.950	0.460	1
	probability value(sig.)	0.008*	0.000*	0.000*	

Several results can be drawn, including:

- There is a statistically significant relationship at $\alpha \leq 0.05$ Between economic growth gross and Domestic Product as a dependent variable and each of the independent variables “Official Development Aid”, “External Debt” and “Foreign Investment, where it was found that the probability value (Sig.) is less than the significance level of 0.05.
- There is a statistically significant relationship at the official significance level 0.05 and "external debt", while it was found that there was no statistically significant

relationship between official development assistance and foreign investment, as it was shown that the potential value Sig greater than significance level 0.05.

- There is a statistically significant relationship between the external debt α≤ - at the significance level 0.05 less than the significance level (Sig.) and "foreign investment" where it was found that the probability value was 0.05

1.18.1 Ubit Root Eviews test to Study Vriables

Table (5.3) shows the results of the static test for the study variables, as it is clear from the table that each of the economic growth variables "GDP", "Official Development Aid" and "External Debt" are not static in their level, but stillness was reached after taking the first difference for "official development aid" and "external debt", and the second difference for the economic growth variable "GDP", while it was found that the variable "foreign investment" was static at its level.

Table 5. 3: Results of the unit root test for the study variables

Variable	Level	The first difference	The second difference
	probability value(sig.)	probability value(sig.)	probability value(sig.)
GDP	0.8397	0.0875	0.000*
Official development aid	0.2476	0.000*	
External debt	0.9439	0.000*	
Foreign investment	0.0175		

1.18.2 (Autocorrelation) Test for the Absence of Self-Correlation Between Residuals

Autocorrelation is a violation of one of the assumptions of the linear regression model, and autocorrelation usually arises in the case of time series data, and this does not mean that it does not exist in the case of cross-sectional data, but this phenomenon occurs more in the case of time series data $_i{}^{\varepsilon}$, where the autocorrelation means that the values of the random variable that occur during a time period i for all the values of $Cov\left(\varepsilon_i, \varepsilon_{i-1}\right) {}^1 0$ are related to the values of the variable that precede or follow it, and this means that i (Safi, 2013) .

There are several tests that can be used to test those errors are not self-correlated including Durbin Watson (DW) test, which Through the results it was shown that the value of DW=1.87 which is close to 2 means that there is no positive autocorrelation between the random errors.

1.18.3 (Normality) Test for the Normal Distribution of Residuals

By drawing the residuals for each of the three countries - see Appendix - it was found that they follow a normal distribution.

1.19 Hypothesis Testing and Analysis:

1.19.1 The First Hypothesis:

To test this hypothesis, a simple linear regression model was used, and the results were as shown in the following table (5.4)

Table 5. 4: Simple linear regression analysis – the first hypothesis to show the impact of investment on growth

Independent variable	regression coefficients	T . test value	probability value(sig.)
Fixed amount	-0.333346	-1.540465	0.1294
Foreign investment	0.000257	4.299117	0.0001*
coefficient of determination=0.261		Altered coefficient of determination=0.220	
Computed F value=6.251		probability value=0.001	

From Table (5.4) several conclusions can be drawn, including:

1. The value of the determination coefficient: (Adjusted R-squared) is the value of 0.220, which indicates that 22% of the change in the dependent variable “economic growth” was explained by foreign investment. As for the remaining 78%, it may be due to other independent variables that may affect economic growth.
2. Test the relationship between the dependent variable and the independent variable. the regression model indicates that the calculated value is 6.251, and the probability value is 0.001, which means rejection of the null hypothesis and acceptance of the

existence of a relationship between economic growth and foreign investment, and this means that the regression model that was reached is a good forecasting model and it gives a general judgment that the model is valid for estimation.

3. Hypothesis test: the model indicates that the value of $t=4.299$ and $Sig=0.000$ lower value of 5%, which indicates a statistically significant effect of foreign investment on economic growth.
4. Regression equations:
   - Egypt: economic growth = -0.7036 + 0.0003 foreign investment
   - Jordan: economic growth = -0.3393 + 0.0003 foreign investment
   - Palestine: economic growth = 0.0429 + 0.0003 foreign investment

The regression coefficients of the model can be explained by saying that every increase in foreign investment by one unit leads to an increase in economic growth of 0.0003, 0.03%.

1.19.1.1 Hypothesis Result

Acceptance of the hypothesis that says: There is a statistically significant effect of foreign investment on economic growth at its significance level of 0.05.

The researcher believes that both parties to the investment (foreign companies and the host country) have a relationship of common interest, each of which depends on or benefits from the other to achieve a goal or a set of specific goals, in other words, there is no one-sided game as the classic claimed, but it is a special one in which each party gets a lot of returns. However, the size, number and type of returns obtained by each party depends on the policies adopted by the host country.

Also, foreign direct investment in the host countries helps in achieving the following:

- Exploitation and utilization of the local material and human resources available in these countries
- Contribute to creating economic relations between the sectors of production and services within the concerned country which helps in achieving economic integration.

- Creating new markets for export, and thus creating and developing economic relations with other foreign countries.
- Reducing imports.
- The above benefits will result in an improvement in the balance of payments for the host country.
- The flow of capital.
- Contributing to training the local workforce.
- Transfer of technological techniques in the areas of production and marketing and the exercise of activities and administrative functions and others.

1.19.2 The Second Hypothesis:

There is a statistically significant effect of official development aid on economic growth at the significance level of 0.05.

To test this hypothesis, a simple linear regression model was used, and the results were as shown in the following table No. (5.5)

Table 5. 5: Simple Linear Regression Analysis – Second Hypothesis

Independent variable	regression coefficients	T . test value	probability value(sig.)
Fixed amount	0.117166	0.529620	0.5986
Official development aid	-0.000167	-0.545610	0.5876
coefficient of determination=0.009		Altered coefficient of determination=0.0467	
Computed F value=0.167		probability value=0.918	

From Table (5.5), several conclusions can be drawn, including:

1. The value of the (Adjusted R-squared) coefficient of determination was 0.0467, which indicates that 4.67% of the change in the dependent variable “economic growth” was explained by ODA. As for the remaining 95.33%, it may be due to other independent variables that may affect economic growth.

2. To test the relationship between the dependent variable and the independent variable: The regression model indicates that the calculated F-value is 0.167, and the

probability value is 0.918, which means that the null hypothesis is accepted that there is no relationship between economic growth and official development assistance.

3. Hypothesis test: The model indicates that the value of $t=-0.5456$ and value of Sig.=0.5876 , greater than 5%, which indicates that there is no statistically significant effect of ODA on economic growth.

1.19.2.1 Hypothesis Result:

Rejection of the hypothesis that says: There is a statistically significant effect of official development aid on economic growth at the significance level of 0.05.

The researcher believes that foreign aid creates economic and political dependence on the outside, which is political aid par excellence according to the vision of the donor countries, and that official development aid was not connected to the productive sectors such as agriculture, industry, tourism, trade, technology, transportation and communications, where technical aid and courses took over a third of this aid, as well as military spending swallows a small part of official aid as a result of wars and conflicts,

1.19.3 The Third Hypothesis:

There is a statistically significant effect of external debt on economic growth at its significance level of 0.05.

To test this hypothesis, a simple linear regression model was used, and the results were as shown in the following table No. (5.6)

Table 5. 6: Simple Linear Regression Analysis – Third Hypothesis

Independent variable	regression coefficients	T . test value	probability value(sig.)
Fixed amount	0.097855	0.424502	0.6729
External debt	0.014575	0.157235	0.8757
coefficient of determination=0.004		Altered coefficient of determination=0.0521	
Computed F value=0.0755		probability value=0.972	

From Table (5.6), several conclusions can be drawn from them

1. (Adjusted R-squared): the value of the adjusted coefficient of determination was 0.0521, which indicates that 5.21% of the change in the dependent variable "economic growth" was explained by external debt. As for the remaining 94.79%, it may be due to other independent variables that may affect economic growth.
2. Test the relationship between the dependent variable and the independent variable: The calculated F-value was 0.0755, and the regression model indicates that the probability value is 0.972, which means accepting the null hypothesis that there is no relationship between economic growth and external debt.
3. Hypothesis Test: The model indicates that the value of t=0.1572 and Sig.=0.8757 larger than 5%, indicates that there is no statistically significant effect of external debt on economic growth.

1.19.3.1 Hypothesis Result:

Rejection of the hypothesis that there is a statistically significant effect of external debt on economic growth at its significance level of 0.05.

1.19.4 Influences of Independent Variables

Official development assistance, foreign debt, foreign investment" combined on economic growth.

The multiple linear regression model was used to find the effect of the independent variables together on the dependent, and the results were as shown in the following table No. (5.7)

Table 5. 7: Multiple linear regression analysis

Independent variable	regression coefficients	T . test value	probability value(sig.)
Fixed amount	-0.316545	-1.418984	0.1620
Official development aid	-0.000166	-0.538503	0.5926
External debt	-0.019661	-0.208077	0.8360
Foreign investment	0.000260	4.228106	0.0001*
coefficient of determination=0.2697		Altered coefficient of determination=0.1982	
Computed F value=3.7686		Computed F value=0.0056	

From Table (5.7), several results can be deduced, including:

1. Adjusted R-squared: The value of the adjusted coefficient of determination was 0.1982, which indicates that 19.82% of the change in the dependent variable "economic growth" was explained by the combined independent variables "official development aid, foreign investment, foreign investment." As for the remaining 80.18%, it may be due to other independent variables that may affect economic growth.
2. Test the relationship between the dependent variable and the independent variable: Calculated the F-value to 3.7686, and the regression model indicates that the probability value is 0.0056, which means rejecting the null hypothesis and accepting the existence of a relationship between economic growth and the independent variables combined together official development assistance, foreign investment, and this means that the model obtained regression is a good predictive model and it gives a general judgment that the model is valid for estimation.
3. The effect of independent variables on the function:
   - For the ODA variable, the model indicates that the value of t=-0.539 and Sig.=0.5926, it is greater than 5%, which indicates that there is no statistically significant effect of ODA on economic growth.

- For the variable “external debt”, the model indicates that the value of t = 0.208 and Sig.=0.8360, is greater than 5%, which indicates that there is no statistically significant effect of external debt on economic growth.
- For the variable “Foreign Investment”, the model indicates that the value of t=4.228 and the value of Sig.=0.0001 is less than 5%, which indicates a statistically significant effect of foreign investment on economic growth.

4. Regression equations:
    - Egypt: Economic growth = -0.6979 + 0.0002 ODA - 0.0197 External debt + 0.0003 foreign investment
    - Jordan: Economic growth = -0.3152 + 0.0002 ODA - 0.0197 External debt + 0.0003 foreign investment
    - Palestine: Economic growth = 0.0634 + 0.0002 ODA - 0.0197 External debt + 0.0003 foreign investment

The independent variables can be arranged in terms of their impact on the economic growth variable as follows: foreign investment, then official development aid, and finally external debt.

6. Findings and Recommendations

1.20 Results

- The Arab countries achieved a growth rate of about 2.8% as a group in the year 2015, this improvement because of the possible repercussions of global economic developments that are still affected the fragile recovery of the global economy, and the pressures of abundant oil supplies.
- The average economic growth "Gross Domestic Product" reached (4%) in Egypt and (5%) in Jordan, (6%) in the Palestinian Authority during the period 1995 - 2015.
- The incoming foreign direct investment flows to the Arab countries witnessed a regression of 10% from 44.3 billion dollars in 2014 to 40 billion dollars in 2015, the incoming investments to the Arab countries amounted to 2.3% of the world total.
- The concentration of incoming foreign direct investment in a limited number of Arab countries, where the UAE and Saudi Arabia accounted for the third year in a row, about 48% of the total incoming flows to the Arab countries.
- The total incoming foreign investments amounted to (72.5) billion dollars in Egypt and (26.8) billion dollars in Jordan, (0.91) billion dollars in the Palestinian Authority during the period 1995-2015.
- There is a statistically significant effect of foreign investment on economic growth at the significance level of 0.05, every increase in foreign investment by one-unit leads to an increase in foreign investment by 0.030% economic growth
- In 2014, Jordan succeeded in attracting foreign direct investment worth $1,760 million, representing 4% of the Arab total for the same year. The number of foreign direct investment projects in Jordan reached 307 projects that are implemented by 245 Arab and foreign companies, estimates indicate that the total investment cost of these projects is about 43.5 billion dollars and employs about 65,000 workers.
- The United Arab Emirates, Russia, the United States, Saudi Arabia, Bahrain, India, Egypt, Kuwait, and South Korea, respectively, were among the most important countries investing in Jordan.

- Arab and foreign investments incoming to Jordan are concentrated in the real estate sectors by 40.7%, oil and gas by 29.6%, then chemicals by 9.1%.

- Al Maabar International Company topped the list of the top 10 investing companies in Jordan, implementing 3 huge projects with an investment cost estimated at $11 billion.

- In 2014, Egypt succeeded in attracting direct foreign investments with a value of 4783 million dollars, representing 10.9% of the Arab total for the same year.

- The number of foreign direct investment projects in Egypt has reached 740 projects that are being implemented from before 550 Arab and foreign companies, and estimates indicate that the total investment cost of these projects amount to about 121.3 billion dollars and employ about 602 thousand workers.

- The UAE, Qatar, Greece, United Kingdom, Kuwait, United States, France, India, Germany and Bahrain, respectively, were ranked among the most important countries investing in Egypt according to the investment cost of projects.

- Arab and foreign investments coming into Egypt are concentrated in the real estate sectors by 32.4%, oil and gas by 30%, and chemicals by 9.6%.

- Barwa Real Estate Company topped the list of the top 10 investing companies in Egypt, as it implements two projects at an investment cost of about 10 billion dollars.

- In 2014, Palestine succeeded in attracting direct foreign investments worth 123 million dollars, representing 0.3% of the Arab total for the same year.

- The number of foreign direct investment projects in Palestine has reached 16 projects being implemented by 10 Arab and foreign companies. Estimates indicate that the total investment cost of these projects is about 1.2 billion dollars and employs about 4.2 thousand workers.

- Qatar, Jordan, the United States, the United Arab Emirates, France and Turkey ranked, respectively, in the list of the most important countries investing in Palestine according to the investment cost of projects.

- Arab and foreign investments incoming to Palestine are concentrated in the telecommunications sectors by 56.9%, real estate by 28.4%, and financial services by 11%.

- Qatar's Ooredoo Telecom Company topped the list of the top 10 investing companies in Palestine, as it implements a project with an investment cost of about 700 million dollars.

- The total official development aid amounted to (36.2) billion dollars in Egypt and (18) billion dollars in Jordan, (32) billion dollars in the Palestinian Authority during the period 1995-2015. There is no statistically significant effect of official development aid on economic growth at the level of significance of 0.05.

- Thanks to its distinguished relations with various countries, donors and funding, the Kingdom of Jordan was able to obtain foreign aid, and the average account amounted to 852.6 million dollars during the period 1995-2015 from (the United States of America, the European Union, and Japan).

- The volumes of foreign aid to Egypt fluctuated according to the development of Egyptian-Western relations, and the average account was 1721.7 million dollars during the period 1995-2015 from the United States (the United States of America, the European Union, and Japan).

- In the Palestinian territories, there are many institutions that receive foreign aid, the most important of which is the United Nations Relief and Works Agency, and there are also non-governmental organizations in addition to the Palestinian Authority, where the authority and its official institutions accounted for 87% of foreign aid, while The NGO sector receives 8%, and UNRWA received 5% of this aid.

- The volumes of foreign aid to the Palestinian Authority fluctuated according to the development of peace relations with Israel, and the average account was 1522.7 million dollars during the period 1995-2015 from the United States of America, the European Union, Japan, the Arab countries, and the Islamic Development Bank.

- Total foreign debts until 2015 amounted to (48.1) billion dollars in Egypt and 26.5 billion dollars in Jordan, and (1.1) billion dollars in the Palestinian Authority during the period (1995).

- There is no statistically significant effect of external debt on economic growth at its significance level of 0.05.

- Jordan's debts until the end of 2015 amounted to 26.50 billion, and the main reason for the increase in Jordan's debts is: its economy is characterized as a scarce economy, there are two other reasons related to the increase in the external debt, the first reason: the increase in military expenditures, and the second is the influx of refugees from Syria and Iraq with the persistence of the budget deficit.

- The Egyptian economy is one of the largest borrowing Arab countries, and it amounted to 48.06 billion US dollars at the end of 2015.

- The external government debt decreased at the end of 2015 to reach about $1,070.7 million and constitute about 42.2% of the government public debt.

- Foreign loans were concentrated on international institutions, with a rate ranging between 70-75% of the volume of external loans, while 10-15% belonged to Arab financial institutions, while the proportion of bilateral loans ranged from 10% to 15%.
- The volume of bilateral loans and Italy was confined to several countries, such as: China, Sweden and Greece, with an increase in servicing this country in 2015 at more than 165 million dollars.

- The increase in government public debt during the year 2015 coincided with a noticeable increase in the service of this debt, reaching 11.8 million dollars in external debt instalments, and the interest paid on the external debt amounted to 3.5 million dollars in paid interests.

1.21 Recommendations

1.21.1 Recommendations for Macroeconomic Policies

- Improving the financial and trade economic policies of the case countries by improving indicators of economic growth and levels of domestic production, reducing taxes, enhancing the efficiency of the financial policy tool and the levels of domestic public debt, improving the balance of payments and setting an effective economic policy for countries on the balance of trade Imports, imposing taxes on luxuries, improving exports and reconsidering all policies that lead to a sharp budget deficit, with the need to work to reduce its negative impact.

- Improving monetary economic policies, the stock exchange tool, controlling the general level of prices and interest rates.

- Encouraging the private sector, removing obstacles to increasing its contribution to the economy, giving it the necessary support to invest in new areas, diversifying the incentives and exemptions offered to it, and offering more investment opportunities for the local and foreign private sector.

- Enhancing economic growth using modern applications of communications and information technology, developing investment projects for infrastructure represented by roads, bridges, ports, means of transportation, and information and communication technology networks.

- Diversify and develop economic activities, strengthen local markets, and activate competition, to provide sustainable growth and stimulate employment and investment.

1.21.2 Recommendations for Foreign Invetments

- Contribute to improving the investment climate by developing legislation and procedures, providing legal protection for the investor, establishing rules for protecting intellectual and material property rights and following the best international practices in settling commercial disputes.

- Improving the political situation by enhancing the level of democracy, ensuring freedom of expression and the peaceful transfer of power, establishing principles of good management and governance, enhancing transparency, promoting administrative and structural reform to achieve justice and flexibility in doing business, and strengthening the rule of law.

- Encouraging international, regional, and Qatari institutions and bodies working in the field of providing guarantees to investors and exporters in Arab countries against commercial and non-commercial risks to intensify their activities and continue to build Arab regional blocs by concluding more bilateral and regional arrangements.

- Adopting mechanisms and policies to achieve sectoral diversity for foreign direct investment and focusing on agriculture that provides the labour market with jobs, manufacturing industries and infrastructure, so that it is not limited to certain sectors such as extractive industries and service areas.

1.21.3 Recommendations for Development Aid.

- Great priority must be given to the Palestinian labor, and keenness to invest in human capital, as it is a major driver of economic growth, and an important factor in eliminating
- Israeli hegemony over the economy of the Palestinian territories.

- Despite the positive impact of aid on GDP, However, the Palestinian experience with it must be re-evaluated, as there is a possibility to achieve greater effectiveness from it by restructuring it to suit the Palestinian development plans, which are required to be prepared in a way that supports the productive sectors such as agriculture, industry and others, with effective planning between these two sectors in particular.

- The Palestinian Authority must be liberated from all forms of corruption and nepotism, and to ensure that aid first serves goals set in accordance with a sound Palestinian vision.

- The necessity of working to provide legislation and laws that serve the investment environment in the Palestinian territories.

- Urging the donor countries to fulfil their pledged commitments, as they represent a necessity during this period that the Palestinian government is going through.

- The Arab countries must provide the necessary funds for the Palestinian economy to dispense with Western foreign aid for which the Palestinian government pays a heavy price represented by restrictive political and economic conditions.

1.21.4 Recommendations for External Debt

- Borrowing countries must confront luxury consumption and excessive extravagance and get rid of the phenomenon of simulating Western consumption patterns to allow local savings to contribute part of the desired investments.

- The case countries should stimulate investment in human cadres, which is a factor in raising the economic growth of any country by rehabilitating the human wealth that abounds in it Arab economies, therefore, it was necessary for those countries to develop the capabilities and expertise of the manpower cadre instead of bringing in foreign experts who drain part of the proceeds of the loan or official aid and recycle it from the channel of fees or spending on expertise.

- Surpluses of Arab balances should be directed to the Arab destination in the form of investments that benefit the general public for all the receiving economies, because borrowing is a circulation of surpluses, which it is desirable to revolve in an Arab orbit, instead of depositing them in Western banks in the form of huge investments that it invests in Western countries bearing the risks of fluctuations in exchange rates and the risks of freezing those assets.

- It is necessary for the case countries to integrate under the umbrella of strong economic entities through the formation of Arab integration circles to enable them to meet these requirements from the creditor countries.

- The necessity of combating the concepts of hoarding among members of society, which is one of the methods of leakage in the economy, and educating those who own money for the benefits of savings and directing them towards investment authority companies.

- Borrowing from international agencies should be directed only for productive purposes. Avoid borrowing in order to support government budgets only, and caution must be exercised especially if it is directed to tied aid purposes accompanying requirements related to aid.

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8. Appendix

Table 8. 1: Investments incoming to Jordan between January 2003 and May 2015

Order	Exporting country	Number of companies	Number of projects	Number of jobs	Cost in million USD	Percentage
1	UAE	39	59	22490	15447	35.5%
2	Russia	5	5	1535	10093	23.2%
3	USA	48	53	7815	3022	7.0%
4	Saudi Arabia	9	16	3103	2603	6.0%
5	Bahrain	7	12	4614	1987	4.6%
6	India	5	5	1336	1528	3.5%
7	Egypt	5	9	3131	1178	2.7%
8	Kuwait	18	25	4847	1121	2.6%
9	South Korea	6	10	733	865	2.0%
10	Estonia	1	1	116	750	1.7%
11	France	15	19	3120	657	1.5%
12	China	6	6	1737	637	1.5%
13	Netherlands	3	3	416	601	1.4%
14	Japan	2	2	342	520	1.2%
15	UK	15	15	1725	408	0.9%
16	Qatar	3	3	2540	359	0.8%
17	Australia	4	4	527	301	0.7%
18	Italy	4	4	504	290	0.7%
19	Spain	8	8	526	261	0.6%
20	Switzerland	5	6	5889	150	0.3%
21	Lebanon	6	11	722	146	0.3%
22	Denmark	3	3	257	142	0.3%
23	Turkey	5	5	737	107	0.2%
24	Canada	3	3	210	82	0.2%

25	Singapore	1	1	192	48	0.1%
26	Norway	2	2	188	39	0.1%
27	Germany	5	5	220	23	0.1%
28	Yemen	2	2	193	17	0.0%
29	Iraq	1	1	61	16	0.0%
30	Oman	1	1	212	13	0.0%
	Others	8	8	321	49	0.1%
Total		245	307	65059	43460	100%

Source: (Investment Guarantee Corporation, 2015)

Table 8. 2: Investments received into Palestine between January 2003 and May 2015

Order	Exporting country	Number of companies	Number of projects	Number of jobs	Cost in million USD	Percentage
1	Qatar	2	2	2985	1050	85.0%
2	Jordan	3	9	149	127	10.3%
3	USA	2	2	1008	34	2.8%
4	UAE	1	1	16	15	1.2%
5	France	1	1	10	7	0.6%
6	Turkey	1	1	6	2	0.2%
Total		10	16	4174	1235	100%

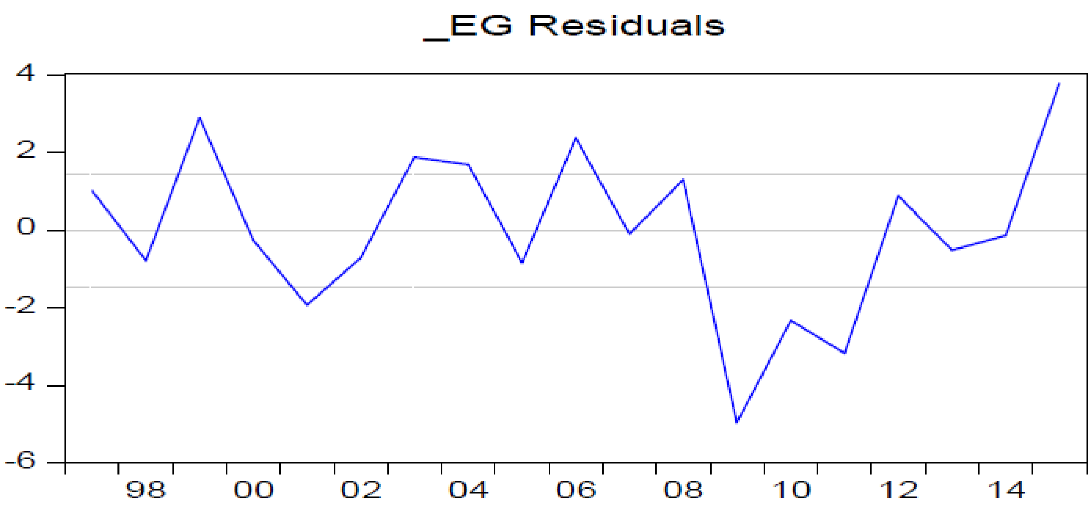
Source: (Investment Guarantee Corporation, 2015)

Table 8. 3Inward investments to Egypt between January 2003 and May 2015

Order	Exporting country	Number of companies	Number of projects	Number of jobs	Cost in million USD	Percentage
1	UAE	64	99	44827	32378	26.7%
2	Qatar	6	9	7964	14769	12.2%
3	Greece	7	9	5359	10923	9.0%
4	UK	41	59	9083	6968	4.7%
5	Kuwait	16	22	17678	5771	4.8%
6	USA	86	102	15384	5090	4.2%
7	France	30	64	6433	4921	4.1%
8	India	28	31	8757	4485	3.7%
9	Germany	23	25	5908	3897	3.2%
10	Bahrain	4	4	1058	3711	3.1%
11	Italy	20	23	5029	3254	2.7%
12	Canada	13	15	3351	3203	2.6%
13	Saudi Arabia	19	41	12205	2180	1.8%
14	Croatia	1	1	146	2008	1.7%

15	Switzerland	14	19	4910	1835	1.5%
16	Spain	24	27	7101	1832	1.5%
17	Iran	2	3	3864	1552	1.3%
18	Netherlands	5	8	1579	1418	1.2%
19	China	15	17	4089	1029	0.8%
20	South Korea	10	13	7730	867	0.7%
21	Hong Kong	4	6	1967	842	0.7%
22	Turkey	14	16	4901	840	0.7%
23	Japan	12	13	5306	784	0.6%
24	Russia	12	12	4984	677	0.6%
25	Thailand	5	5	1669	648	0.5%
26	Singapore	6	8	748	538	0.4%
27	Australia	6	7	1766	519	0.4%
28	Norway	4	4	427	482	0.4%
29	South Africa	5	5	534	438	0.4%
30	Chile	3	3	264	357	0.3%
	Other	51	70	10727	3063	2.5%
Total		550	740	205757	121279	100%

Source: (Investment Guarantee Corporation, 2015)



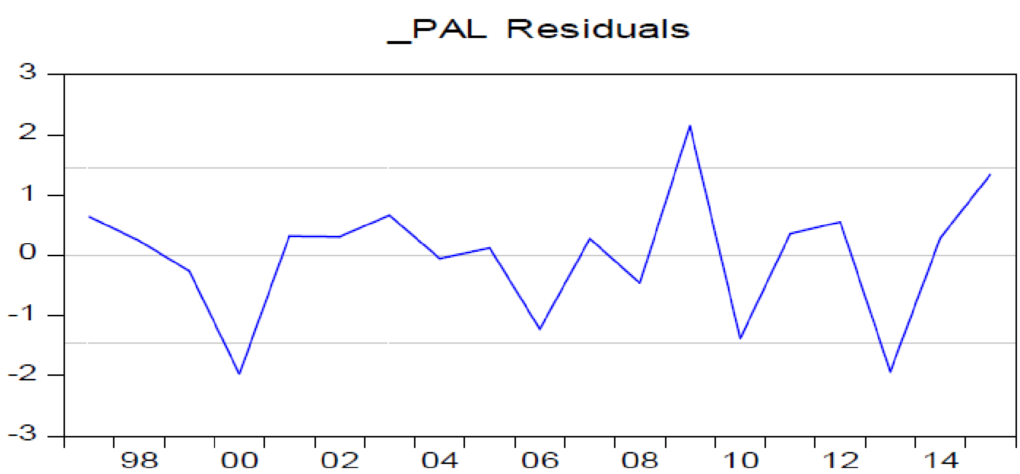


Table 8. 4: Data that was relied upon in the practical study

Country	Year	Aid	External Debt	Foreign Investment	GDP
Egypt	1995	2029.90	31.02	7595.20	105.87
Egypt	1996	2193.98	29.05	1360.40	111.15
Egypt	1997	2016.31	26.98	1675.60	117.25
Egypt	1998	1970.33	27.79	475.90	121.99
Egypt	1999	1625.03	26.27	1660.60	129.43
Egypt	2000	1371.15	24.91	1501.40	136.38
Egypt	2001	1308.21	25.76	1971.20	141.20
Egypt	2002	1318.24	28.23	-30.60	144.55
Egypt	2003	1020.33	28.84	194.50	149.17
Egypt	2004	1556.35	30.55	2396.30	155.27
Egypt	2005	1036.45	31.11	8843.80	162.21
Egypt	2006	898.74	29.69	9342.40	173.31
Egypt	2007	1132.78	32.84	8004.20	185.60
Egypt	2008	1742.32	32.12	1844.90	198.87
Egypt	2009	1000.03	33.29	6184.50	208.19
Egypt	2010	589.14	34.99	16827.50	218.89
Egypt	2011	416.42	33.69	-11134.60	222.86
Egypt	2012	1806.75	38.82	4077.30	227.75
Egypt	2013	5508.16	45.75	7205.40	232.55
Egypt	2014	3532.14	46.07	3481.96	237.74
Egypt	2015	2082.84	48.06	5845.39	247.72
Jordan	1995	539.15	6.62	13.31	12.24
Jordan	1996	506.90	6.45	15.51	12.50
Jordan	1997	472.56	6.14	360.93	12.91
Jordan	1998	412.45	6.50	310.01	13.30
Jordan	1999	433.74	6.71	166.16	13.75
Jordan	2000	552.72	6.18	734.02	14.33
Jordan	2001	449.42	6.63	-10.72	15.09
Jordan	2002	563.15	6.68	-172.50	15.96
Jordan	2003	1325.80	7.22	75.27	16.63
Jordan	2004	603.01	7.59	647.95	18.05
Jordan	2005	708.45	7.53	2297.18	19.52
Jordan	2006	572.57	7.12	3507.19	21.10
Jordan	2007	640.23	7.31	3462.48	22.83
Jordan	2008	737.90	5.13	3399.32	24.48
Jordan	2009	740.37	5.45	1783.52	25.82
Jordan	2010	951.25	6.49	2421.41	26.43
Jordan	2011	970.98	6.32	1767.18	27.10
Jordan	2012	1157.29	6.95	1788.16	27.82
Jordan	2013	1402.71	10.19	111.46	28.61
Jordan	2014	2699.07	25.30	1698.34	29.49

Jordan	2015	1464.85	26.50	2499.67	30.20
Palestine	1995	514.11	0.05	39.34	3.88
Palestine	1996	552.41	0.18	112.62	4.16
Palestine	1997	613.03	0.24	71.81	5.16
Palestine	1998	612.57	0.20	138.92	6.49
Palestine	1999	580.55	0.15	83.62	7.66
Palestine	2000	684.50	0.52	9.51	6.90
Palestine	2001	997.59	0.56	-66.72	6.45
Palestine	2002	971.61	0.60	-82.16	6.36
Palestine	2003	1041.84	0.61	-73.73	6.97
Palestine	2004	1160.84	0.61	40.80	7.57
Palestine	2005	1015.71	0.62	44.94	8.40
Palestine	2006	1360.25	0.63	13.69	8.02
Palestine	2007	1717.11	1.03	-109.80	7.88
Palestine	2008	2470.08	1.03	-64.79	7.20
Palestine	2009	2826.68	1.09	119.67	8.71
Palestine	2010	2512.56	1.04	-161.12	8.91
Palestine	2011	2434.74	1.11	228.21	9.61
Palestine	2012	2005.31	1.10	42.01	11.01
Palestine	2013	2601.34	1.11	362.51	10.54
Palestine	2014	2486.51	1.09	-55.20	10.12
Palestine	2015	2817.89	1.07	214.78	11.71

Source: World Bank, Global Development Finance, External Debt Report.