
Assessing the Investment Climate in the Maghreb Countries (Algeria, Morocco, and Tunisia) Using International Indicators

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Abstract:

This study examines the investment climate, its components, and key international indicators used to assess it, such as those from UNCTAD, the World Bank, the Heritage Foundation, the World Economic Forum, and Transparency International. The findings show that Maghreb countries hold modest positions in global rankings, indicating limited progress in improving their investment environments. The study calls for stronger reforms, competitive incentives, and facilitative measures to make these countries more attractive to foreign direct investment.

Keywords: Investment climate; foreign direct investment; indicators; Maghreb countries.

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1. Introduction:

Foreign direct investment witnessed unprecedented growth, particularly at the beginning of the 1980s, with its growth accelerating further from the mid-1990s onward, and coinciding with the increasing mobility of factors of production across national borders. This trend has continued to the present day, with foreign direct investment flows multiplying nearly twentyfold over the last two decades of the previous millennium, rising from 55 billion dollars in 1970 to 1396 billion dollars in 2000 (UNCTAD, 2005). In 2023, foreign direct investment flows reached approximately 1673 billion dollars (UNCTAD, 2025).

Although global foreign direct investment flows have generally trended upward, this growth has been periodically disrupted by economic and financial crises at both global and regional levels. These setbacks began with the collapse of the ‘‘Dot-com bubble’’ in 2000, followed by the global financial crisis of (2007-2008), the Eurozone crisis from (2009-2011), and more recently, the economic downturn resulting from falling oil prices in global markets, which had a particularly severe impact on oil-producing countries. In the wake of these crises, foreign direct investment flows saw a notable decline, with a 40% drop in 2001 (Neil K. Patterson & others, 2004) and a -11% decrease in (2024).

The growth in global foreign direct investment flows has, however, not been evenly distributed among countries, whether in terms of absolute value or as a percentage of gross domestic product. Developed countries and emerging economies have captured the largest share despite their relatively smaller numbers, while developing countries, despite their larger populations, have seen minimal returns that do not reflect their inherent capabilities and potential. In an effort to address this disparity and recognizing the critical importance of foreign direct investment in achieving both development and growth, developing countries have sought to increase their share of foreign direct investment flows. This has been accomplished through the adoption of reforms and the implementation of necessary measures, either individually or with guidance from relevant international and regional bodies, to create a conducive environment and framework that attracts the attention of foreign investors and decision-makers, encouraging them to invest and further boost foreign direct investment inflows.

As is the case with other developing countries, the Arab states, particularly the Maghreb countries, have also not received their anticipated share of foreign direct investment flows, either in volume or in the quality they aspire to. This shortfall persists despite their efforts to emulate other developing nations by adopting and implementing a series of reforms aimed at creating favorable conditions and appropriate frameworks for attracting increased foreign direct investment and

achieving notable progress in international rankings in this regard. The ranking process, however, remains relative ; it depends not only on the reforms undertaken within a given country but also, to a large extent, on the reforms implemented by other countries and the investment climates they offer. This relativity stems from the fact that such rankings are determined from a global perspective.

In this context, we seek to explore the following central research problem :

- How can the investment climate in the Maghreb countries be assessed through the most important international indicators ?

To ensure a comprehensive understanding of the various aspects of this topic, it is examined through the following key components :

- The conceptual framework of the investment climate
- Assessment of the investment climate in the countries of Maghreb.
- The impact of the investment climate on foreign direct investment flows and conditions for its improvement in the countries of Maghreb.

1. The conceptual framework of the investment climate :

1.1. Defining the investment climate :

The investment climate is a complex concept that encompasses numerous tangible and intangible factors. It is also relative and dynamic when compared from one country to another or from one region to another. The definitions associated with it vary depending on the perspective of the source. The World Bank defines it as the set of advantages that contribute to shaping the opportunities and incentives available to companies to operate productively (Rabiai, 2018). It includes policies and government behavior related to corruption and credibility. These factors exert a strong influence on costs, risks, and barriers to competition, and thereby impacting profits, which are the primary objective for investors and their investment decisions.

The investment climate is also defined by the Arab Investment and Export Credit Guarantee Corporation as the total set of economic, social, political, security, legal, regulatory, and administrative conditions prevailing in the host country for investment (Arab Investment & Export Credit Guarantee Corporation, 2013). These factors determine the flow and direction of investment inflows. Therefore, the investment climate encompasses political, economic, and social conditions, along with legal and regulatory aspects, natural factors, and infrastructure, all of which characterize a particular country and serve as the foundation for investments. These factors interact to form a roadmap for investors, and the overall conditions are expressed through indicators that reflect the risks, opportunities, and current and anticipated challenges in a given country.

A clear distinction is made between the concept of the investment climate and the concept of the business environment. The business environment encompasses several factors, which represent the variables upon which the World Bank's ease of

doing business index is based. These include administrative, financial, commercial, and judicial aspects related to the foundations and operations of both local and foreign enterprises. It focuses more on the procedural environment.

1.2. Indicators for assessing the investment climate and their significance :

In this section, we will discuss the key indicators issued by international and regional organizations to assess the investment climate, as well as the significance of these indicators.

● Indicators for assessing the investment climate :

A number of international and regional organizations have developed both simple and composite indicators to measure a country's investment climate or, in other words, its capacity to attract foreign capital inflows. These organizations publish annual reports accompanied by indicators that reflect how conducive a country's investment environment is. The construction of these indicators takes into account a range of variables that capture both tangible and intangible factors shaping the investment climate. Among the most important indicators relied upon by investors and considered essential tools for guiding foreign direct investment are:

- The performance index and the potential index.
- The ease of doing business index.
- The index of economic freedom.
- The global competitiveness index.
- The corruption perceptions index.

● The importance of investment climate assessment indicators :

Investment climate assessment indicators are essential tools for evaluating the characteristics and features of a country's investment environment, as well as for monitoring and tracking changes over time. They also enable relative comparisons between a country's investment climate and those of other nations. Furthermore, these indicators provide analytical frameworks and practical tools to help identify priority areas for investment climate reform in any given country. The importance and role of international and regional indicators in revealing how conducive and attractive an investment environment is have grown significantly. Numerous empirical studies have demonstrated a strong statistical correlation between a country's ranking in these indicators and the volume of foreign direct investment it attracts. Business leaders, multinational corporations, and policymakers increasingly rely on these indicators as key reference points for investment decisions (Hocine, 2018).

These indicators also provide a basis for measuring and comparing the investment climate across different countries, including comparisons between

developed and developing nations, as well as tracking the evolution of the investment climate within the same country over time.

2- Assessing the state of the investment climate in the Maghreb countries in light of international indicators :

The suitability of the investment climate in the Maghreb countries is assessed based on reports published by international and private institutions, such as the United Nations conference on trade and development, the World Bank, and other relevant bodies. These reports include quantitative indicators constructed on the basis of several criteria. The most prominent among these indicators are :

2.1. Assessment of the investment climate based on the performance index and the potential index :

The United Nations conference on trade and development oversees the classification of the investment climate in countries around the world through the issuance of two key indices : the performance index and the potential index.

2.1.1. Assessment of the investment climate based on the performance index :

This index has been published since 2001 and aims to measure the extent to which a country has succeeded in attracting foreign direct investment. It is calculated using the following ratio, (Lei Wang, 2013)

A country's share of global foreign direct investment inflows / A country's share of global GDP. It is calculated based on a three-year average in order to reduce the impact of seasonal factors and one-time developments. The Performance Index reflects a country's relative success in attracting foreign direct investment. If a country's share of global foreign direct investment inflows corresponds to its share of global gross domestic product, the index value equals one, indicating a match between the country's economic strength and the volume of foreign direct investment it attracts. When the index value exceeds (1), it means the country's share of global foreign direct investment is greater than its share of global gross domestic product, suggesting that the country is attracting more foreign direct investment than would be expected based on the size of its economy. However, an index value below one indicates that the country attracts less foreign direct investment than its economic weight would suggest. A negative value for the index reflects a net divestment by foreign investors during the measurement period. Countries are ranked according to their index values, which allows for a comparative assessment of each country's ability to attract foreign direct investment relative to its economic strength.

2.1.2. Assessment of the investment climate based on the potential index :

The potential index measures a country's future economic capacity to attract foreign direct investment. This index is based on a set of variables that assess the country's potential, and these variables include the following elements (Bentarad & Cherit, 2006):

- The growth rate of gross domestic product.
- Average income per capita.
- The ratio of exports to gross domestic product.
- The number of telephone lines per 1000 inhabitants.
- The volume of energy consumption,
- The ratio of research and development expenditure to gross domestic product.
- The percentage of the population enrolled in higher education.
- The country's sovereign credit rating.

Countries are grouped into four categories according to their scores on the performance and potential indexes:

- **Front-runner countries** : These are countries that score high on both the performance index and the potential index.
- **Countries performing above potential** : These are countries that have a high performance index but a low potential index.
- **Countries performing below potential** : These are countries with a low performance index but a high potential index.
- **Low-performing countries** : These are countries that score low on both the performance index and the potential index.

The following table presents the ranking of Maghreb countries on the performance and potential indexes within the global list (195 countries).

Table N°1: Classification of Maghreb countries within the global ranking based on the performance and potential indexes out of a total of 195 countries

Years		2016	2017	2018	2019	2020
Algeria	Performance index	119	118	128	82	102
	Potential index	86	66	69	77	62
Morocco	Performance index	107	77	88	78	101
	Potential index	94	88	93	95	69
Tunisia	Performance index	52	79	74	50	49
	Potential index	71	62	68	72	86

Source : (UNCTAD, 2021).

A comparison of the Maghreb countries reveals that Algeria does not hold a favorable position in terms of the performance index. This is due to Algeria's relatively weak attraction of foreign direct investment. The same applies to Morocco, while Tunisia holds the best ranking regarding its ability to attract foreign direct investment.

When comparing the rankings of the three countries based on the potential index, Tunisia holds the highest rank during the specified period, with the exception of 2010, when its position fell relative to Algeria and Morocco. This indicates that Tunisia possesses better investment potential than both Morocco and Algeria. However, Tunisia’s ranking shows an upward trajectory, while Algeria’s ranking is on a downward path, reflecting the efforts Algeria is making to enhance its investment climate.

It is also observed from the table above that the volume of foreign direct investment flowing into Algeria does not align with its potential, unlike Morocco and Tunisia, which ranked higher on the performance index than on the potential index. This shows that the volume of incoming investments exceeds their available potential. However, in 2017, Morocco’s ranking declined, which placed this latter in the group of countries where potential exceeds performance, whereas Tunisia stands out with a performance higher than its potential. In conclusion, the volume of foreign direct investment flowing into both Algeria and Morocco does not match their available potential to attract foreign investment, unlike Tunisia, which managed to attract an amount of investment that exceeds its limited potential as indicated by the potential index. Algeria’s share of foreign direct investment remains low compared to its potential. In 2023, an IMF report confirmed this, noting that its FDI inflows had declined sharply to below 0.1% of GDP in 2022. Algeria was also classified in the group of countries with low attraction and high potential (IMF report, 2023).

In 2022, Morocco attracted significantly more FDI than Tunisia, with 2.141 billion USD. Tunisia, despite some improvement received around 713 million USD, still ahead of Algeria, whose investment inflows remained very low at 255 millions USD (Unctad, 2022).

2.2. Evaluation of the investment climate based on the economic freedom index :

This index was launched by the Heritage Foundation in 1995 and is used to measure the extent of restrictions imposed by the state on economic freedom. Economic freedom itself is a desired goal, as it expands the options available to individuals both as consumers and producers, and thereby opening broader horizons for the exchange of goods and ideas among nations (Elaoui, 2017). The index adopts an approach based on 12 indicators, which are divided into four groups :

Table N°2: Sub-indicators of the Economic Freedom Index:

Groups	The indicators constituting each group
Rule of law	- Rule of law (Judicial efficiency) - Property rights - Freedom from bribery and corruption
Areas of state intervention (The financial	- Tax freedom (Tax burden)

burden of the state)	- Government spending - Fiscal health
Organizational efficiency (Effectiveness of the regulatory and institutional framework)	- Business freedom - Labor freedom - Monetary freedom
Markets openness	- Trade freedom - Investment freedom - Financial freedom

Source : (Heritage.org, n.d.).

The economic freedom index contributes to providing an overall picture of the investment climate in countries, as it takes into account developments related to administrative and bureaucratic obstacles, trade barriers, and the rule of law. The value of the overall economic freedom index ranges between (10-100), with a value of 10 representing the lowest level of freedom and 100 representing the highest level. The overall index is the arithmetic average of the sub-indicators, and countries are classified according to their results in the index.

The report issued by the Heritage Foundation also discusses the significance of freedom and its relationship to innovation capacity and business dynamism. This is reflected in a correlation coefficient of 0.7314 in 2024, meaning that the more economic freedom is provided, the more room there is for entrepreneurs to invest and innovate. Furthermore, the Economic Freedom Index is closely related to the human development index, which reflects the quality of life, including health and safety. In 2024, the correlation coefficient was 0.73, which indicates that as the economic freedom index increases, the quality of life improves. Moreover, the economic freedom index is linked to the poverty rate. The report highlights the relationship between economic freedom and poverty levels, noting that in less open countries, the poverty rate increases, reaching 15.4% in 2023 (statistic.heritage.org, n.d.).

Table N°3: The ranking of Maghreb countries according to the economic freedom index

Countries	2022	2023	2024
Algeria	157	157	143
Morocco	99	97	94
Tunisia	132	132	130

Source : (Heritage foundation data, heritage.org, n.d.).

Given the ranking of the three countries, Morocco achieved the highest position, followed by Tunisia, while Algeria ranked at the bottom of the global list. Algeria is classified as a repressed economy, whereas Morocco falls under the

category of moderately free economies, and Tunisia is categorized as mostly unfree. It is also noted that Morocco continued to make progress in the rankings, like Algeria and Tunisia, which progressed. Algeria improved its position from rank 157 to 143, and Tunisia climbed from rank 132 to 130 between the years (2023- 2024).

2.3. Assessment of the investment climate based on the global competitiveness index :

After 2019, the global competitiveness report is no longer available since the World Economic Forum (WEF) stopped publishing those results. Nevertheless, it was replaced by another index : the Sustainable Competitiveness Index (SCI). The SCI is based on six key indicators, including natural capital, resource efficiency, social intellectual, and economic capital , as well as governance. However, the Global competitiveness index is issued by the World Economic Forum in Davos and has become one of the most credible global indicators in evaluating the competitiveness of countries. The Global Competitiveness Report is notable for its continual updates in methodology used to assess competitiveness, as well as for the changing number of countries included in the ranking. For instance, the report covered 140 countries in 2015 and 138 countries in 2016 (Elaoui, 2017).

This report reflects the progress made across various areas related to a country's ability to achieve balanced and sustainable economic development, ranging from infrastructure and innovation capacity, to technological readiness, market efficiency, and the strategies adopted to foster growth and economic well-being.

This index relies on an approach that includes hundreds of sub-indicators, distributed across 12 categories and grouped under four main pillars: institutions, infrastructure, macroeconomic environment, and health and education. These pillars were determined based on development priorities and stages. The first and second pillars concern basic requirements, the third pillar relates to factors linked to the effectiveness and efficiency of the market economy and adopted policies, and the fourth pillar pertains to innovation and business dynamism. Based on the results of the main index, countries are ranked according to their competitiveness. As for the ranking of the Maghreb countries, it will be presented in the table below:

Table N°4: Ranking of Maghreb countries according to the global competitiveness index

	2013	2014	2015	2016	2017	2018	2019
Algeria	100	79	87	87	86	92	89
Morocco	77	72	72	70	71	75	75
Tunisia	83	87	92	95	95	87	87

Source: Prepared by the researcher based on data from the World Economic Forum (Davos).

In terms of ranking, Morocco holds the leading position among Maghreb countries, despite dropping one spot in 2017. Algeria, on the other hand, advanced by

one position. The 2018 report pointed out Morocco's rising bureaucratic hurdles and challenges in securing financing. While Algeria held the second spot among Maghreb countries, it made substantial progress between 2013 and 2019, falling 24 places in the rankings, from 110 to 86. This improvement is highly attributed to a set of factors, among which are: the quality of institutions, advancements in the health and education sectors, and the stability of macroeconomic conditions, particularly the absence of external debt. As for investment incentives, Algeria was ranked 98th out of 137 countries (World Economic Forum, 2017/2018).

In 2017, Tunisia ranked 95th, reflecting a continuation of its declining position. It lost 63 spots between 2012 and 2017, dropping from 32nd place in 2012 to 95th in 2018. This decline is primarily attributed to inefficiencies in the labor market, wages, and productivity (Bentaziri, 2018). According to the new indicator, the economy of Morocco kept the highest rank amongst the Maghreb countries by being ranked 104th globally ahead of Tunisia (114th) and Algeria (149th) (SolAbility.com, n.d.).

2.4. Evaluation of the investment climate through the corruption perception index:

Issued by Transparency International, this index measures the prevalence of corruption in a country's public sector, including both political and administrative corruption, with a focus on bribery as one of the most damaging forms. This index is one of the key indicators that investors often rely on when making foreign investment decisions. It is particularly influential in guiding foreign investors' decisions, as it has a direct effect on the flow of foreign investment.

The corruption perception index is a composite index that is calculated based on data monitored from surveys and assessments that address corruption, which are collected by a number of international institutions, such as the World Bank, the African Development Bank, and the World Economic Forum in Davos. It takes into account data from the previous two years for each given year.

The organization notes that corruption is hard to quantify with precision, since it involves secretive and illegal actions. To determine this index, Transparency International collects the opinions of experts in various organizations, such as the Institute of Management Development, the Bertelsmann Foundation in Germany, and others. In its report, Transparency International categorizes countries using a (0-100) scale, where lower scores indicate higher levels of corruption and higher scores reflect lower levels. The closer the index is to zero, the more corrupt the country is considered to be.

The organization affirms that grand corruption constitutes the abuse of high-level political authority for the benefit of a minority at the expense of the

majority (Elaouni, 2017). According to this index, the Maghreb countries held the following positions for the year (2016).

Table N°5: The ranking of Maghreb countries according to the corruption perception index

	2020		2021		2022		2023		2024	
	Ranking	Indicator	Ranking	Indicator	Ranking	Indicator	Ranking	Indicator	Ranking	Indicator
Algeria	104	36	117	33	116	33	104	36	107	34
Morocco	86	40	87	39	94	38	97	38	99	37
Tunisia	69	44	70	44	85	40	81	40	92	39

Source : (Transparency.org, n.d.).

Table (5) shows that index scores for the three countries are below 50, which indicates a trend toward the spread of corruption. Algeria’s ranking fluctuates between 104 and 117 in 2021, whereas Morocco declined, and dropped by thirteen positions, moving from rank 86 in 2020 to rank 99 in 2024. Tunisia also declined its ranking by moving from rank 69 to 92 in 2024. Tunisia underperformed despite the adoption of the Access to Information Law. According to the Transparency International report, the corruption perception index reflects a set of factors that distinguish countries with strong civil indicators.

- Poor countries suffer from a judicial system that lacks transparency and an ineffective parliamentary system.
- Rich countries, for their part, are exposed to bribery by some large corporations and the use of double standards to dominate business management.
- The failure of law enforcement authorities to properly oversee implementation, along with the absence of independent media.
- A significant portion of expenditures is allocated to armament at the expense of health and education.
- High inflation and the large size of the black market.

Meanwhile, improvement in this index is linked to several factors, including the availability of:

- A high degree of economic freedom.
- Simplified administrative procedures.
- Freedom of the press and independence of the public sphere.
- Transparency in the system of recruitment examinations and promotions.

2.5. Assessment of the investment climate based on the ease of doing business index:

This index is issued by the World Bank and has been published since the year 2003. It measures government procedures that either promote or restrict business activities. It is an average of ten fundamental sub-indicators, which include: starting a business, dealing with construction permits, registering property, getting credit, protecting investors, paying taxes, trading across borders, getting electricity, enforcing contracts, and resolving insolvency. 190 countries are incorporated in the scope of this index. A good ranking for any country indicates the ease of conducting business activities and that the country enjoys a procedural environment more favorable to business operations. This index allows for the classification of countries and the comparison of business environments across them.

**Table N°6: Assessment of Maghreb Countries According to the Overall Ease of
Doing Business Index
Ranking out of 190 countries:**

Year/ country	2015	2016	2017	2018	2019	2020
Algeria	161	163	156	166	157	157
Morocco	80	68	68	69	60	53
Tunisia	75	75	77	88	80	78

Source: (Doing business, 2015/2020).

Despite Tunisia's good global ranking, its position has followed an upward curve, moving from rank 75 in 2015 to rank 78 in 2020. Morocco's ranking, on the other hand, followed a downward trend, moving from rank 80 in 2015 to rank 53 in 2020, and therefore advancing twenty-five positions ahead of Tunisia. Algeria's ranking remains at the bottom of the international scale, following a downward trend, which reflects the weakness of the ease of doing business index and the deterioration of the business environment. The decline in business conditions in both Algeria and Tunisia has negatively impacted the volume of foreign direct investment flows. In contrast, although Morocco's global ranking showed a downward trend, this had no positive effect on foreign direct investment inflows, which continued to decline between (2015-2020), falling from 750 million dollars to 403 million dollars (www.ceicdata.com). Notably, in 2021, the World Bank discontinued one of its anchor initiatives : the Doing Business index. This was a global ranking system that measured the ease of starting and running a business in 190 countries. The decision was taken in the wake of an independent investigation that uncovered the manipulation of the rankings in favor of powerful countries, including China and Saudi Arabia. This controversy raised serious concerns about the reliability of global benchmarks and their role in shaping development policy. Nonetheless, in October 2024, the World Bank undertook a renewed effort and published a new anchor report, entitled "Business Ready". The 2025 spring meeting of the World Bank and its sister institution, the International Monetary Fund, will be the first official presentation of

this report to delegates, as part of the institutions' high-level agenda (theconversation.com).

3. The impact of the investment climate on foreign direct investment flows to the Maghreb countries and conditions for improvement :

We attempt to link the relationship between the ranking of Maghreb countries in international indices and its impact on the volume of foreign direct investment flows. Furthermore, we explore the conditions necessary to improve the investment climate in these countries in order to attract more investments.

3.1. The impact of the investment climate on foreign direct investment flows to the Maghreb countries:

The modest ranking of the Maghreb countries in the international classification according to investment climate evaluation indicators reflects the low volume of foreign direct investment inflows to these countries, as demonstrated in the following table :

**Table N°7: Foreign direct investment inflows to the Maghreb countries
(in Millions of dollars)**

Country / Year	2018	2019	2020	2021	2022	2023
Algeria	1475	1382	1140	870	255	1216
Morocco	3559	1720	1419	2266	2260	1095
Tunisia	1036	845	652	660	714	768
Total	6070	3947	3211	3796	3229	3079

Source: (UNCTAD data, Unctad.Org, n.d.).

It is observed that the volume of foreign direct investment inflows to the three countries has decreased, despite the fact that global foreign direct investment flows witnessed low recovery rates that reached -12% growth in 2022-2023 (UNCTAD, 2024). This is the same trend experienced by developing countries, which recorded an decrease in foreign direct investment inflows by -7% growth in 2022-2023 (UNCTAD, 2024). This decline in foreign direct investment inflows to the Maghreb countries aligns with the decline experienced by the African continent, estimated at -3% growth in 2022 compared to 2023 (UNCTAD, 2024). This decline is due to the fall in commodity prices.

Between (2018-2022), foreign direct investment inflows have witnessed a decline in both Tunisia, Morocco and Algeria. With the exception of Algeria in 2023, this latter recorded an increase in investment flows of 376% compared to 2022. This reflects the trend observed in global foreign direct investment, which decreased by -49.27% between (2018-2023). Meanwhile, foreign direct investment inflows to Arab countries declined by 12.3%, with Arab countries, attracting 5.07% of global investment in 2023 (datahypothesis.com).

3.2. Conditions for improving the investment climate in Maghreb countries :

The efforts made and still being made by countries to improve their investment climate have become largely noticeable. Since the concept of the investment climate is a relative one that depends on evaluating the direct and indirect conditions and factors related to foreign direct investment, as well as comparing them between different economies, the Maghreb countries must follow the example of developing countries that have been able to improve their investment climate and benefit from their experience. In addition, they must analyze the internal situation and identify the strengths and weaknesses that characterize the economies of these countries. Therefore, the Maghreb countries are required to provide a set of suitable conditions to improve their investment climate, which are as follows :

- Creating one central agency to support foreign investors, making procedures easier, following up on investment files, reducing bureaucracy, solving administrative problems, speeding up processes, and issuing documents quickly.
- Setting a clear investment strategy based on a future vision, taking into account the current situation and future goals.
- Providing guarantees to investors.
- Strengthening the role of partnerships in major projects.
- Continuously addressing the imbalances in macroeconomic indicators (such as the budget deficit and trade balance).
- Amending the investment law to align with international conditions.
- Opening the Maghreb market to foreign investment and giving it competitive advantages compared to other countries.
- Achieving comprehensive development in various sectors.
- Modernizing the administration, using digital systems, and reducing bureaucracy.
- Improving infrastructure and updating transportation and communication networks to meet global standards.
- Fighting corruption and bribery by raising awareness and creating laws to reduce these problems, which harm the economy, create a bad image for economic actors, and reduce indirect investment.
- Reforming the tax and customs system to make it more competitive globally, affecting costs and profits.
- Activating the Arab Maghreb Union and creating a single Maghreb market.

4. Conclusion :

The investment climate is neither fixed nor absolute, it is a relative concept. It refers to the overall situation in a country, including economic, social, legal, and other conditions that can impact investment decisions positively or negatively. These conditions are often compared to those in other countries. This creates competition

between countries to offer better conditions to attract foreign investment. Investors choose countries that have the best climate, from their point of view.

To make it easier to read and understand the investment climate in different countries, international and regional institutions have worked on turning the conditions and factors that shape the investment climate into measurable indicators. These indicators make it possible to evaluate the investment climate in a given country, compare it with other countries around the world, and produce annual rankings that show each country's position. Because these indicators are of paramount importance and credible for investment decision-makers and governments, as they give an objective view of the real conditions in each country and the efforts made to improve the investment climate, many countries strive to improve their investment environment and their global ranking by carrying out necessary reforms and taking the required measures.

Like other countries around the world, the Maghreb countries have continuously attempted to improve their investment climate. However, their indicator results remain weak, and their international rankings are still modest although they vary slightly from one another, they remain close. This has negatively affected the volume of incoming foreign direct investment, which remains below expectations and below the development goals these countries aim for. It also prevents the optimal use of resources and the full potential of these countries, particularly Algeria. This, is largely attributed to several key reasons, this includes : political instability in the region, unfavorable macroeconomic conditions, social unrest, administrative bureaucracy, institutional weakness, the widespread presence of bribery and corruption, poor and underdeveloped infrastructure, suppression of freedoms, and the lack of efficiency and effectiveness in both the financial market and the labor market.

To confront and overcome these obstacles, it is imperative that Maghreb countries increase both their individual and joint efforts, and learn from the experiences of other countries in order to improve their investment climate and make it more competitive internationally. This means doing several reforms, removing restrictions and barriers, and improving the economic, social, and political situation. This also includes supporting economic freedom, making sure the government stays neutral in economic matters, reforming legal systems, improving infrastructure, modernizing transport and communication, and training human resources. It also includes offering tax and customs benefits, reforming the justice and financial sectors, and making the financial market more active.

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