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Foreign direct investment flows and their impact on the Libyan economy

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Summary *Developing countries face numerous challenges, whether resulting from internal circumstances or external factors related to globalization, which has become a global phenomenon that requires serious consideration. These countries, including Libya, seek to increase their national income and achieve development goals by enacting appropriate policies to attract foreign investment and creating favorable conditions for it. To compete to attract foreign capital and provide local investment opportunities, it is essential to study the components that characterize Libya's investment climate and which can attract foreign investors. The lack of clarity in these aspects may lead to economic sector leaders and investors not being aware of the advantages available in the Libyan market. This, in turn, may lead to a lack of necessary information for foreign investors seeking to invest in this environment, leaving them in dire need of supporting their investment position through a favorable environment.*

Keywords: *Foreign Direct Investment-economic growth- Flows economic development.*

1. INTRODUCTION:

Foreign direct investment (FDI) flows are a key factor driving economic growth in many countries, particularly developing ones. The importance of this type of investment lies in its ability to transfer modern technologies and management know-how, as well as create job opportunities and diversify the production base. In the case of Libya, which possesses vast natural resources and promising investment opportunities, FDI flows play a vital role in the country's reconstruction and diversification of its economy away from its dependence on oil..Investment expresses increase and growth, as it refers to the increase of funds, whether in cash, trade, or in various other forms known to humans throughout history. In general, investment is defined as the process undertaken by one party to an economic activity to create or increase its volume. To fully understand this concept, it is necessary to distinguish between the investor's perspective on investment and the perspective of society and the national economy as a whole.

2. RESEARCH PROBLEM:

Despite the efforts made by relevant authorities to mitigate challenges and provide a favorable investment environment to attract the largest possible amount of foreign investment, the reality continues to hinder the achievement of desired ambitions. Since its establishment, the Investment Promotion Authority has approved 273 projects in permitted investment areas, but only 96 projects have been implemented and entered the operational phase. In 2020, Libya ranked fourth among 22 Arab countries in receiving foreign direct investment, despite its significant potential. However, foreign direct investment flows to Libya remain limited compared to other countries in the region. Libya faces numerous challenges that hinder attracting foreign investment, such as political and security instability, corruption, lack of infrastructure, and complex bureaucracy. Accordingly, the research problem can be formulated in the following question:

What is the impact of foreign investment on the Libyan economy during this period?

3. RESEARCH HYPOTHESES:

1. Institutional factors, such as quality of governance, rule of law, and ease of doing business, play a vital role in attracting foreign direct investment to Libya.
2. Political and security risks negatively impact foreign direct investment flows into the country.
3. Foreign direct investment in Libya is concentrated in specific sectors, such as oil, gas, and construction, while other sectors with promising potential are neglected.

The importance of research:

1. Identify the factors affecting the size and distribution of foreign direct investment flows.
2. Study the impact of these flows on the Libyan economy.
3. Providing practical recommendations to increase the attraction of foreign investments to Libya.
4. Contributing to achieving sustainable economic development, providing job opportunities, and improving the standard of living in the country.

4. Research objectives

1. Measuring the impact of foreign direct investment on economic growth by comparing Libya's experience in attracting this type of investment with the experiences of other countries in the region.
2. Describe and analyze trends in foreign direct investment flows to Libya during the specified time period.
3. Identify the economic, political, and institutional factors that influence the volume and distribution of foreign direct investment in Libya.
4. Providing recommendations aimed at increasing the attraction of foreign investments to Libya and improving the investment environment.

5. Study Methodology

This study combines descriptive and analytical methods. The descriptive approach will draw on theories related to investment, its determinants, and its effects to explain and describe the phenomenon, in addition to making comparisons between theoretical and applied aspects. The analytical approach will rely on collecting and analyzing data to study the evolution of foreign investment volume.

Study variables

- **Independent variable:**foreign direct investment flows
- **Dependent variable:**Its impact on the Libyan economy

Previous studies:

1- **Raqiya Benis's study: A study and measurement of the impact of foreign investment determinants on the Moroccan economy (unpublished master's thesis), Academy of Graduate Studies, Tripoli, 2000.**

The problem of the study was Despite the great attention paid by the Kingdom of Morocco to attracting foreign investments within the country in order to contribute to economic development and accelerate the wheel of growth, it is noted that there are a group of difficulties and obstacles that can contribute negatively to attracting these investments. Therefore, it is necessary to study the necessary measures to address these difficulties. Hence, this study came with the aim of identifying the most important determinants of investment and measuring the impact of each of them on the Moroccan economy and identifying the most important difficulties facing these determinants in order to find a comprehensive treatment for them. Among its most important results are: -

When the exchange rate increases, the volume of foreign investments increases. and When the average per capita income increases, the size of the foreign investments like that Increasing the volume of foreign investment by a certain percentage increases the gross domestic product, provided that other factors remain constant. As Foreign investment plays a fundamental role in activating and improving economic sectors.

2- **Suham Hussein's study: Foreign Direct Investment and its Impact on the Economy of the Maghreb Countries, (Unpublished Master's Thesis), Academy of Graduate Studies, Tripoli, 2002.**

The results achieved by the presence of foreign direct investments may take a negative or positive path, depending on the policies and strategies followed by the host country in directing foreign direct investments, whose presence may contribute to achieving higher rates of economic development and increasing the gross domestic product, or this investment will lead to negatives represented by this investor's exploitation of primary resources, low labor wages, and adding negative indicators to the host country's budget. Through these two trends, the features of the research problem that targeted the economies of the Maghreb countries became clear, and testing the extent to which hosting direct investment projects contributes to achieving an increase in the rates of the gross domestic product of these countries and their economies, or whether this investment will lead to negative results.

Its most important results are:

1. The investor gains numerous advantages that would not be possible if the investment were made in his or her own country. Most host countries have low labor wages, especially when compared to global standards.
2. The foreign investor gains unique experiences that would not have been possible without his presence in this environment. The foreign investor achieves expansion beyond his country's borders, which helps him distribute his activities in different locations, thus increasing his profitability rates.

3- Study by Ahmed Al-Mansouri: The Reality of the Foreign Direct Investment Climate in the Libyan Economy (Unpublished Master's Thesis), Academy of Graduate Studies, Tripoli, 2004.

The problem of the study was to answer the following questions::

1- What are the factors that attract foreign direct investment in the Libyan economy?

2- What are the factors that repel foreign direct investment? I Libyan economy?

3- Is the Libyan investment climate, under its current circumstances, suitable for attracting investments? Foreign direct investment?

Among its most important results::-

1. Political factors are among the most important factors that provide the means for success for all economic activities in a country.
2. There are some (negative) political factors such as the lack of clarity and conflict of laws that represent an obstacle for foreign investors in Libya.
3. The study emphasized that many services that constitute a fundamental economic environment in Libya require significant efforts to improve their quality to meet the needs of foreign investors, such as public utilities, transportation services, and the development of plans for industrial and service zones.

Historical development of foreign direct investment

Foreign direct investment (FDI) in developing countries dates back to the 19th century. FDI during this period was concentrated in the agriculture, mining, and public services sectors. Infrastructure across the world witnessed significant development at the beginning of the 20th century through FDI, including electricity and telecommunications. However, following the historical development of FDI indicates that this investment was exposed to cycles of boom and bust. By 1914, the accumulated global balance of FDI was estimated at approximately $15 billion. Britain was the largest source of investment at that time, followed by the United States and Germany.,In 1938, foreign direct investment reached approximately $66 billion, and British companies were the largest investors in that period. More than half of these investments went to developing countries, especially Latin America and Asia, especially in the agricultural and mining sectors, and then the infrastructure sector. The flow of foreign direct investment continued across the world with the increase in privatization programs and the adoption of investment promotion policies and the liberalization of foreign trade policies.(1)

Investment concept

The term investment is often repeated and used by specialists in economic sciences. Regardless of the field in which it is used, as a concept it does not go beyond being "addition to productive capacity or addition to capital.".

When an investor directs his resources to purchase existing capital assets, this process is considered an investment from his point of view, while this process differs from the point of view of society because it does not add anything to the capital of society, but rather is merely a transfer of ownership of these assets, meaning that he added their value to the capital of the buyer and deducted it from the capital of the seller, and it did not result in an increase in the amount of assets owned by the national economy. However, if the investor finds or creates capital assets, this process is considered an investment from his point of view as well as from the point of view of the national economy because this process results in an increase in the capital of the person who holds it without leading to a reduction in the capital of any other individual and thus an increase in the capital of society. That is, the concept of investment in general refers to economic spending whose goal is to create and form capital with the aim of increasing productive capacity and improving the standard of living for members of society.(2)

The concept of foreign direct investment

Foreign direct investment (FDI) is the ownership of a foreign investor of part or all of the investments in an investment project. This is in addition to their participation in the management of the project with the national investor in the case of joint investment, or full control over management in the case of their absolute ownership of the investment project. Furthermore, the foreign investor transfers financial and technological resources and technical expertise in all fields to the host country. Foreign investment is considered one of the most important sources of international financing that countries resort to in order to bridge the gap in local resources, when local savings are unable to cover total investments. Foreign capital helps develop the industrialization movement in industrialized countries and some newly industrialized developing countries that hosted these investments. These investments are considered financial flows that move from advanced capitalist countries to developing countries. Foreign investment is considered a means of transferring material and technological productive resources to developing countries, such as machinery, equipment, and technological energy, all of which are necessary variables for implementing economic development programs.(3)

Foreign direct investment is defined as: Foreign direct investment is an investment that involves a long-term relationship that reflects permanent interests and the ability to exercise managerial control between a company in the mother country (the country to which the investing company belongs) and a company or production unit in another country (the country receiving the investment). Ownership usually takes the form of a share in the capital of the company affiliated with the country receiving the investment.(4)

Foreign direct investment is defined as: a fixed share of an investor resident in one economy in a project established in another economy.(3)

Economists define it as: a long-term investment activity undertaken by a non-resident investor in a host country with the intention of actual participation or independence in management and decision-making.(1)

Foreign direct investment can also be defined as: an investment through which continuing interests are obtained in a specific project operating in an economy other than the economy of the investing party, through an effective role in the project.

The concept of indirect foreign investment

It is an investment that takes place in securities such as stocks and bonds, and may take the form of licensing contracts, marketing contracts, manufacturing contracts, turnkey projects, management contracts, agency contracts, and contracts for the delivery of production projects in hand. This type of investment aims to achieve a certain rate of return without the right to exercise any type of control or participation in the management of the project. Accordingly, the foreign investor does not own all or part of the investment project.(5)

Different types of foreign direct investments

Foreign direct investments take various forms and types and vary according to their relative importance and the distinctive characteristics of each form, according to the criteria used to classify these investments, as well as due to the variation in choices and preferences of both the host country on the one hand and the foreign investor on the other hand. The difference and variation may be due to economic or social factors that the host countries seek to achieve through foreign investment. Different classifications have been established for the types of foreign direct investments based on the motives and incentives that lead to the occurrence of investment. The variation in the choices and preferences referred to is due to a number of factors that can be summarized as follows:

- The difference between host countries in terms of the degree of economic and social progress, the political system in place, and the goals they seek to achieve through foreign investment.
- The characteristics of multinational corporations vary, such as the size of the company, its activity, the number of global markets it serves, the types of products or services it offers, and the company's objectives.
- Factors related to expected profits and costs, financial and technical investment requirements, and commercial and non-commercial risks.
- Characteristics of the industry or activity practiced by the multinational corporation and the degree of competition in the host country markets(5)

Foreign Direct Investment Classification Criteria:

Foreign direct investments are classified into several types according to different criteria, including:

First: Strategy criterion

Foreign investors' strategies vary, and based on this difference, foreign direct investment can be classified into the following types:

1-Investment in search of natural resources.

This type of investment aims to exploit the comparative advantage of the country, especially those rich in raw materials such as oil, gas and agricultural products, in addition to benefiting from the low cost of labor or the presence of skilled and trained labor. This type encourages increased exports of raw materials and increased imports of capital goods, intermediate production inputs and consumer goods.(4)

2- Market research investment:

This type of investment usually aims to meet the consumer requirements in the markets of the countries receiving the investments. This type of investment was prevalent in the manufacturing sector during the sixties and seventies when most developing economies implemented the import substitution policy. Its presence in the host country is due to the restrictions imposed on imports and the high cost of transportation in the host countries, which makes investing in them more feasible than exporting to them.(5)

3-Investment seeking efficiency in performance:

This type of investment occurs when international companies concentrate part of their activities in an economy or region with the aim of maximizing profitability. This type of investment is characterized by its expansionary effects on the trade of the host country, as it leads to diversifying its exports, in addition to its expansionary effects on consumption by importing many production inputs. This type of investment may take several forms, including the transfer by multinational companies of part of their labor-intensive production operations to the host country to carry it out. By this means, the company in the host country is able to enter foreign markets that it was not possible for it to access on its own due to its lack of distribution networks, information, and channels available to multinational companies.(3)

4-Investment seeking strategic assets:

This type of foreign direct investment comes at an advanced stage for international companies when they invest abroad, in order to gain research and development capabilities, i.e. they carry out acquisitions or partnerships to serve their strategic goals. This type of investment is considered to have an expansionary effect on trade from the perspectives of production and consumption. It is also considered an export of skilled labor by developing countries, as is the case in the Silicon Valley experience in India, and increases exports of services and equipment from the country of origin of the investment.(5)

Obstacles to foreign investment in Libya

When an investor makes an investment, he will face a certain degree of risk in exchange for his expectation of a reasonable return. Therefore, risk is an important element that must be taken into consideration when making any investment decision. Risk is related to the possibility of losses. The greater the possibility of loss, the more risky the investment is, and vice versa. Some of these risks are commercial and some are non-commercial. The latter cannot be predicted or borne by the investor because it is beyond his control, and is often borne by the host country of the investment, in addition to bureaucracy.(6)

First: The risks of legislative instability

When investing, investors look for a climate where legislation is clear and stable, as well as a policy free from social unrest and upheaval. In some long-term investment projects, for example, energy contracts, once the bid is accepted, exploration and drilling work takes a long period of years, after which the state begins to amend its national legislation in a way that may harm the interests of the investing company. Hence, these companies seek to establish the legal texts regulating their work within the state's territory. In return, national governments may seek this establishment in order to attract the capital of foreign investment companies, by emphasizing the protection of their interests that they negotiated in the contract, which is what is called the "red carpet deals" factor.

As for the case of Libya, it needs more investment flows, as it has suffered from a state of legislative instability and lack of clarity and confusion in its financial and economic legislation; due to the state's lack of a clear vision of the Libyan economic identity, and the role that the local and foreign public and private sectors can play in economic and social development, as well as that the legislation related to investment was a reaction to compensate for the expected loss from the decline in investment in the Libyan oil sector as a result of international environmental factors, as the percentage of investments coming to Libya in 2013 reached (1.4%), thus occupying the (15) rank, which is based on one sector, which is oil and gas, with the absence of the human development sector, and the latest and most important investment laws at this time is Law No. (9) of 2010, which is criticized for its negative view of foreign investment, as Libya is a rich country and does not need foreign capital(7)

The lack of connection between the granted privileges and the desired objectives, in addition to the lack of trust of citizens in their countries and in the foreign investor, which was negatively reflected in the reality and the resulting blackmail and bribery of the investor in order to implement even a part of his project that he had tried to start, despite the prevalence of the phenomenon of corruption in its various forms, there is monitoring of the bright aspects, which the legislator tried to grant to the foreign investor and his project by granting privileges and exemptions and simplifying procedures.
It is noteworthy that Executive Regulation No. (199) of Law No. (9) of 2010 AD regarding investment promotion assigned the task of implementing its provisions to the General Authority for Investment Promotion and Privatization Affairs, which succeeded the General Authority for Ownership and Investment.(3)

Second: Political instability
Political risks are the actions taken by governments or public authorities in the host country for investment, whether directly or indirectly, that would deprive the foreign investor of his fundamental rights and powers over the investment and its benefits. The main reason for these risks is the conflict of objectives between private foreign investments and the goals of senior management and aspirations of the host country. Political variables have a clear impact on the investment trends of the host country, whether they reach the form of the system of government or the direction of legislation. The most important of these risks are:
1- **Expropriation:** Which is known as the state’s ownership of real estate owned by private individuals in order to achieve public interest reasons by virtue of an administrative decision issued by the competent authority. It is recognized in international law that every fully sovereign state has the right to regulate investments and ownership by foreigners, and this right may extend to preventing or prohibiting the exercise of those rights by foreigners, in whole or in part.
Libyan legislation stipulated in Law No. (21) of 1991 regarding mobilization in Article (4) Paragraph (4) on declaring the state of public mobilization and its end “the seizure of private property in order to exploit it to serve the purposes of public mobilization when necessary, and its owners retain the right to compensation in accordance with the law.” The reason for declaring a state of mobilization is the presence of exceptional circumstances such as a state of war, internal unrest, and the spread of epidemics, as is the case in our country. In this case of urgency, the administration has the right to temporarily seize the properties facing the exceptional circumstance, which is a temporary seizure. There is another type, which is seizure in preparation for expropriation, which is one of the most dangerous privileges and powers of the administration at all, in order to achieve the public interest without arbitrariness, in exchange for compensation due, provided that all its conditions and controls are met.(7)
2-**Nationalization**: It is the transfer of private ownership of the means of production in society to a state-owned project with the aim of achieving the public interest. It is also an act of sovereignty by which the state transfers private ownership to public ownership in accordance with the state’s legislation. The state is free to seize the money of foreigners for the public interest, on the condition that there is no discrimination against foreigners, with the necessity of fair compensation. This is what the Libyan Investment Law approved in Article (43) regarding guarantees for investment projects, which states: “No The project may be nationalized... except by law or court ruling, and in return for fair compensation.
3- Confiscation: It is the taking of private property by the state without compensation, regardless of its form or the name under which it is carried out. Confiscation, like expropriation, is a procedure that is purely regional in nature and applies to both foreigners and citizens.
Confiscation has various forms, including general prohibited and illegal forms, whether domestically or internationally, and specific permissible forms that are only valid pursuant to a court ruling, such as confiscation as punishment for customs evasion, or confiscation of certain goods for reasons related to public health or the protection of public order and public morals, whether the perpetrator of the crime is a national or a friend.(8)
Confiscation can be either administrative or judicial, and in both cases it must be based on a legal text. The Libyan legislator in the Investment Law has been consistent with what has been approved in international forums, as Article (43) of its executive regulations stipulates regarding the final provisions of guarantees for the investment project: “The project may not be nationalized or confiscated except by virtue of a law or a judicial ruling and in exchange for fair compensation...”

The economic obstacles result from the economic instability in the country and the legal and tax restrictions, in addition to inflation and the rise in the value of foreign currency at the expense of the national currency and the risk of converting foreign currency, which can destabilize the climate internally and internationally, due to its lack of clarity and the absence of enforcement of the law and the weakness of the monitoring mechanism. The International Monetary Fund was established under the Bretton Woods Agreement in the United States of America in 1944 AD to agree on a new international monetary system; to ensure stability and global economic growth, which is a system of exchange rate stability with the aim of stable exchange rates and freedom of exchange.(9)

6. Reducing obstacles to investment flow

Developing countries are working to milk foreign investments that can achieve economic development in them, so the state authorities are keen to subject investments to legal regulation in order not to harm the interests of the investor and to preserve its sovereignty. However, this keenness of the legislator prevents the possibility of disputes arising between the two parties, which usually pushes them to agree on the wording that must be followed to settle them as a result of blackmailing the investor and his project. There are national legal solutions, and other international ones, on the one hand, and there are administrative solutions on the other hand, and this is explained as follows: -

Legislative solutions

The domestic law may include provisions that address the protection of invested money from the risks of corruption to which it is exposed, in order to regulate the state’s exercise of its right to take measures affecting ownership and its internal economic activities, with specific controls. and Domestic legislation that aims to guarantee investment, even if it does not constitute an international commitment, as there is no agreement between two countries that would result in a breach of the legitimate confidence of the foreign investor, the host country remains free to take measures that are appropriate and achieve the public interest, provided that there is no discrimination in treatment, favoritism, extortion, or facilitation in exchange for bribery, or forgery of documents related to the investor or his project, or that it was taken based on prior commitments on the part of the host country for the investment. Otherwise, the countries are obligated to compensate for the damages that the investments are exposed to.(10)

It is understood from this that legislative and constitutional texts may not be sufficient to provide solutions and guarantees against commercial risks that change from time to time in accordance with the principle of territorial sovereignty. The country in which the investment is originally located is subject to regulating its treatment and protection by establishing a set of legal rules that it deems sufficient to achieve its objectives of attracting and controlling foreign capital, unless it is bound by international rules. In this case, it should work to provide an appropriate climate for this type of investment.(11)

Perhaps the most important means that the state resorts to is to stipulate in its national laws a degree of guarantees that aim in reality to limit the obstacles that may stand in its way, such as expropriation, tax, monetary, financial, administrative and insurance restrictions. When seizing the property of foreigners located in its territory, it is required that it seeks to achieve the public interest and not the individual interest to achieve special benefits for certain people or for reasons of revenge. In this case, it is considered an illegal procedure to select the public interest and in view of the damages that the foreign investor is exposed to arising from the actions of the host state in confronting him, and the investments he makes on its lands.(12)

The penalty must be imposed on any of its persons, whether natural or legal, who interferes with any procedure, facilitation or legal violation that harms the investor, the interests of the host state and its reputation. The state must also observe the condition of equality and non-discrimination, and this is what is stipulated in Article (23) of the Libyan Investment Law. It is required that these procedures be taken in a non-discriminatory manner.(13)

It is also understood that corruption enhances favoritism and mediation and introduces personal relationships into policy-making by official institutions towards the investor and his project, which truly weakens the authority of law enforcement and the absence of social justice, which affects services and programs for economic rights and development programs, and this leads to the deterioration of most services. The state must also not violate any previous contractual obligation in the Libyan Constitutional Declaration. Article (28) stipulates that the Interim National Transitional Council shall establish an Audit Bureau that undertakes financial oversight of all revenues and expenditures and all movable and fixed

funds owned by the state, and ensures the proper use and preservation of these funds. If internal solutions are not sufficient to protect investments, then public international law, like other branches of law, is concerned with setting rules that provide minimum protection for the status of foreigners.. .(14)
Its rules are based on the establishment of compensation and the imposition of punishment when justice is denied, without prejudice to the role of the state in taking what it deems appropriate with full sovereignty, which is considered a legitimate act in accordance with the provisions of international law without prejudice to the principle of equality and non-discrimination. There is a group of multilateral agreements, including bilateral ones, that gave and provided more protection to the foreign investor and rights from any manifestation of corruption, whether administrative, financial, mediation, favoritism, bribery or forgery that harms his project or the host country and its sovereignty. The International Covenant on Economic, Social and Cultural Rights in 1966 AD emphasized the satisfaction of the needs of food and housing to be free from hunger and for countries through national legislation to unite what is possible of measures to improve methods of production and secure them in a fair manner, and the right to combat the causes of poverty, unemployment and corruption, and the Convention on the Elimination of All Forms of Discrimination against Women from the Declaration of the Libyan Constitution(15)
This was confirmed by the United Nations Convention against Corruption in 2004, which confirmed in Article 10 the strengthening of the principle of international cooperation to confront corruption, the preparation of periodic reports on its risks, the encouragement of concluding all agreements, including commercial ones, when they are breached, the extradition of those involved in suspected corruption, while ensuring the return of the proceeds obtained from corruption to their countries, and the reduction of smuggling of the former. This is what Libya welcomed when it signed this agreement in 2003, in light of which Libya became one of the state parties in 2005. Do not forget that the United Nations, the World Bank and the World Trade Organization have all emphasized the fight against bribery, which is one of the most dangerous forms of corruption, and have urged countries to join the Convention on the Combating of Bribery of Foreign Public Officials.(16)
The National Anti-Corruption Authority was established pursuant to Law No. (11) of 2014 issued by the General National Congress, which repealed Law No. (63) of 2012 regarding the establishment of the Anti-Corruption Authority issued by the National Transitional Council. Article (31) of Law No. (11) stipulates that Law No. (63) of 2012 regarding the Anti-Corruption Authority shall be repealed, and all its assets and liabilities shall be transferred to the Authority established pursuant to the provisions of this law, and any text that contradicts this shall be repealed. Article 21 of Law No. 9 of 2010 regarding the encouragement of investment stipulates that the investor may appeal in writing any decision issued against him in violation of the provisions of this law within thirty days from the date of notification by letter with acknowledgment of receipt.(9)
Article (55) of the executive regulations of this law states: “The investor has the right to appeal any decision resulting from the application of investment promotion provisions.”(17)
It is understood from the above that the grievance is considered before any friendly means. When the foreign investor and his investment project are subject to any monopoly of the host country or one of its persons, or any discriminatory means, he has the right to grievance to the nearest authority to which he is administratively subject. If he does not obtain his right, he has the right to resort to the national judiciary or to arbitration bodies that fight and combat any corruption, whether administrative, financial, political, moral, or bribery.(18)

7. CONCLUSION:

In order to compete to attract foreign capital and provide investment opportunities domestically, we must pay attention to studying these components to reach the advantages available in the Libyan investment climate that make it attractive to foreign investors. The lack of clarity in this aspect makes those in charge of economic sectors and investors unaware of the advantages surrounding the Libyan market, and thus will result in the lack of appropriate information for the foreign investor who wants to invest in this environment, and he is in dire need of supporting his investment position through a suitable investment environment. Foreign direct investment flows are considered One of the most important drivers of economic growth in many countries, especially developing ones. The importance of foreign direct investment lies in its transfer of modern technologies, knowledge, and management, in addition to providing job opportunities and diversifying the production base.

8. Results

1- Protecting the investor and his investment project is one of the most important guarantees through which foreign investment flows into the country are achieved.
2- The political, financial and security system plays a major role in the flow of investments.
3- Corruption leads to weak investment and the flight of funds outside the country, which are supposed to be used to establish all development projects to advance sectors.
4- At the international level, laws are enacted to encourage investment, which creates international solidarity and cooperation.
5- Political stability is one of the most important factors in attracting and flowing investments.

9. Recommendations:

1- Enhancing political and security stability to attract foreign investors.
2- Simplify bureaucratic procedures and reduce administrative complexities.
3- Updating investment laws to ensure clarity and transparency, such as amending Law No. (9) of 2010..
4- Activating the role of the National Anti-Corruption Commission and ensuring the fair application of laws and Enhancing transparency in government transactions and investment projects.
5- Encouraging investment in non-oil sectors such as agriculture, industry and services and Providing tax incentives and exemptions to investors in promising sectors.
6- Organizing awareness campaigns for citizens about the importance of foreign investment. And Training local cadres in investment project management and knowledge transfer.

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