# Foreign Direct Investment Impact on Country Productivity in the MENA Region: A Frontier Analysis

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Most of foreign direct investment and development research has focused on the linkage between the FDI and economic growth. Such research has attempted to measure the FDI spillover effect on the economy. Research on the direct link between the FDI and productivity is quite short and insufficient due to the lack of the available data on productivity at the country level. This paper will attempt to examine at the macro level analysis the impact and the linkage between the foreign direct investment and productivity in MENA countries– Algeria, Bahrain, Egypt, Iran, Israel, Jordan, Kuwait, Morocco, Qatar, Saudi Arabia, Syria, Tunisia, Turkey, and United Arab Emirates during the period 1970-2008 . The Granger causality test will be used to test if the inflows of foreign direct investment lead to productivity growth. In this study, FDI will be measured as the share of the GDP to expose the direct impact on the economy as a whole, and data envelopment analysis (DEA) will also be conducted to estimate the TFP assuming the presence of aggregate production function for each country. The production function has GDP as output, and labor and capital as inputs.

## Preliminary literature

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