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Impact of Foreign Investment on Macro-Economic Variables in Selected West-African Countries

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Abstract - This study examines the impact of foreign investment on macro-economic variables in selected West-African Countries over the period 1990–2020. Panel data analyses with the Random Effects model were utilized. The research investigates the influence of foreign capital inflows on economic growth and inflation rates, among other variables. Descriptive and trend analyses revealed a significant fluctuations in key indicators, with all variables stationary at levels according to the Im-Pesaran-Shin test. Results indicate that FDI significantly promotes economic growth and inflation, although the effects of PFI and ODA vary across countries. The findings suggest that foreign investment played a vital role in fostering sustainable development and macroeconomic stability within the region. Policy implications emphasized the importance of managing foreign capital flows effectively to maximized growth benefits while maintaining price stability. This study contributes valuable insights for policymakers seeking to harness foreign investment for regional development in West Africa.

Keywords: Foreign Investment, Portfolio Foreign Investment, Official Development Assistance, Macroeconomic Variables, West Africa, Economic Growth, Inflation

I. INTRODUCTION

Over the past two decades, foreign direct investment (FDI) has become a critical component of the development strategy for many emerging economies, including those in West Africa. As a source of capital, technology transfer, and employment opportunities, FDI is often viewed as a catalyst for economic growth and structural transformation (UNCTAD, 2021). However, the actual impact of FDI on macroeconomic stability and growth remains a complex and contested issue, especially in the context of West African countries which are characterized by diverse economic structures, institutional capacities, and development challenges.

The motivation for this study stems from the increasing volume of FDI inflows into West Africa, driven by regional integration efforts, natural resource exploitation, and policy reforms aimed at attracting foreign investors (African Development Bank, 2022). Despite these inflows, the region continues to grapple with persistent issues such as inflation volatility, unemployment, and uneven economic growth. This paradox raises important questions about whether FDI is effectively translating into sustainable macroeconomic benefits in the region. Moreover, recent disruptions such as the COVID-19 pandemic and global economic uncertainties have further complicated the dynamics of FDI and its macroeconomic implications (IMF, 2023).

Empirical evidence from recent studies indicates that while FDI inflows have generally increased in West Africa, their effects on macroeconomic variables are uneven and sometimes contradictory. For instance, FDI has contributed to GDP growth in some countries but has not necessarily translated into broad-based employment or inflation stabilization (OECD, 2023). Additionally, the quality of FDI whether it is resource-seeking or market-seeking appears to influence its macroeconomic impact differently across nations (World Bank, 2024). These stylized facts suggested that simply attracting FDI is insufficient; understanding the nature and effects of these investments is crucial for policy design.

Given these observations, this study seeks to address the following key questions:

What is the impact of foreign investment on economic growth in West Africa?

To what extent does foreign investment impact inflation rate in West Africa?

Hypotheses

H_{01}: Foreign investment does not have significant impact on economic growth in West Africa.

H_{02}: Foreign investment does not have significant impact on inflation rate in West Africa.

This research aims to empirically examine the impact of foreign investment on selected macroeconomic variables in West African countries, providing insights that could inform policy

formulation aimed at maximizing the benefits of FDI.

II. LITERATURE REVIEW

Foreign Investment on Economic Growth in West Africa

The relationship between foreign investment and economic growth has been a focal point for researchers studying West Africa's development trajectory. Foreign direct investment (FDI) is widely regarded as a vital driver of growth, especially in developing regions like West Africa, where domestic resources are often insufficient to sustain rapid economic expansion (Akinlo, 2022). FDI brings in capital, technology, managerial expertise, and access to international markets, which collectively enhance productivity and economic output.

Recent empirical studies reinforce the positive association between FDI and economic growth in West Africa. Osei et al. (2023) analyzed data from 15 West African countries over the period 2000-2022 and found that FDI inflows significantly contribute to GDP growth, particularly in sectors such as mining, agriculture, and manufacturing. The authors argue that FDI not only boosts capital accumulation but also facilitates technological spillovers and employment creation, which are critical for sustainable growth.

However, the literature also emphasizes that the impact of foreign investment is highly context-dependent. Mensah and Asante (2021) highlight that institutional quality, governance, and policy stability are crucial in determining whether FDI translates into tangible growth benefits. Weak institutions can lead to resource misallocation, corruption, and expropriation, which diminish the potential growth-enhancing effects of FDI (Dabiri & Oladipo, 2022). For example, countries with transparent legal frameworks and effective regulatory institutions tend to attract FDI that positively impacts their economic performance more significantly.

Furthermore, some scholars argue that the benefits of FDI may be unevenly distributed, potentially leading to increased inequality if growth is not inclusive (Nkrumah & Boateng, 2023). Despite these concerns, the consensus remains that, under conducive policy environments, foreign investment has a substantial and positive impact on the economic growth of West African nations.

Foreign Investment on Inflation Rate in West Africa

The influence of foreign investment on inflation in West Africa presents a complex and nuanced picture. FDI can exert both inflationary and deflationary pressures depending on various macroeconomic factors, including exchange rate dynamics, monetary policy, and sectoral composition of investments.

Recent research indicates that FDI has the potential to stabilize inflation by improving the supply side of the economy. Adjei and Boakye (2022) find that increased FDI inflows, especially in export-oriented sectors, bolster foreign exchange reserves and enhance supply chain efficiency, thereby exerting downward pressure on inflation. They further argue that FDI can help anchor inflation expectations by contributing to macroeconomic stability.

Conversely, other studies suggest that FDI can contribute to inflationary pressures if not managed properly. Ofori and Kwame (2023) observe that large inflows of capital, especially in sectors with monopolistic market power, can lead to demand-pull inflation. Moreover, FDI-driven currency appreciation may initially reduce import prices, but abrupt reversals or capital flight can trigger depreciation and inflationary spirals.

The exchange rate volatility associated with FDI inflows is particularly influential. Adu-Gyamfi and Mensah (2024) highlight that while stable FDI inflows can help maintain exchange rate stability and control inflation, sudden capital outflows can cause depreciation, increasing the cost of imports and domestic prices. Therefore, the net effect of FDI on inflation in West Africa depends largely on macroeconomic management, exchange rate policies, and the sectoral distribution of foreign investment.

In summary, the current literature suggests that foreign investment can both mitigate and exacerbate inflationary pressures in West Africa. Its impact is mediated by macroeconomic policy, institutional strength, and the nature of the investment, making it a complex but critical area for policymakers aiming to ensure price stability alongside economic growth.

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III. METHODOLOGY

Research Design

This study adopts an empirical, analytical research design based on quantitative panel data analysis to test the stated hypotheses. The primary objective is to evaluate the impact of foreign investment (FDI, PFI, and ODA) on macroeconomic variables—namely, economic growth (GDP), inflation rate (INF), exchange rate (EXR), and unemployment rate (UNP) across selected West African countries.

The population of the study encompasses five West African countries Benin, Ghana, Equatorial Guinea, Togo, and Nigeria selected based on their size, the level of foreign investment inflows, and data availability on international databases such as the World Bank's World Development Indicators (WDI), IMF Data Catalogue, and the Federal Reserve Economic Database (FRED). The countries are chosen because they are actively involved in foreign investment activities, and recent data are accessible and reliable.

The temporal scope spans from 1990 to 2020, covering three decades of economic transformations, with the base year 1990 selected due to data limitations beyond this period and to include the democratic dispensation phase for all sampled countries.

The panel regression model was employed because it enables the analysis of cross-country and time-series variations, providing more efficient and robust estimates than simple pooled regressions.

Model Specification

Building on the neoclassical growth framework and prior studies (Alege & Ogundipe, 2012), this research adapts the model to focus on the impact of foreign capital inflows namely FDI, Portfolio Foreign Investment (PFI), and Official Development Assistance (ODA) on macroeconomic indicators. The explicit models are specified as follows:

For Economic Growth (GDP):

$$\ln(GDP_{it})=\alpha_0+\alpha_1\ln(FDI_{it})+\alpha_2\ln(PFIit)+\alpha_3\ln(ODA_{it})+\beta_1\ln(Inf_{it})+\beta_2\ln(ExR_{it})+\beta_3\ln(Unemp_{it})+\epsilon_{it} \quad \text{(I)}$$

Where:

GDP_{it}: The annual percentage change in Gross Domestic Product (GDP) for country i at time t.

FDI: Foreign Direct Investment inflows into the country.

PFI: Portfolio Foreign Investment inflows into the country.

ODA: Official Development Assistance received by the country.

$\alpha_0,\alpha_1,\alpha_2,\alpha_3$: Parameters to be estimated.

ϵ_{it} : Error term.

For Inflation Rate (INF):

$$\ln(INF_{it})=\gamma_0+\gamma_1\ln(FDI_{it})+\gamma_2\ln(PFI_{it})+\gamma_3\ln(ODA_{it})+\eta_1\ln(GDP_{it})+\eta_2\ln(ExcR_{it})+\eta_3\ln(Unemp_{it})+\varepsilon_{it} \quad \text{(ii)}$$

Where:

INF_{it}: Inflation rate in country i at time t.

γ_0, γ_1, γ_2, γ_3: Parameters to be estimated.

η_{it} : Error term.

Key Variables:

i=1,2,...,N denotes countries; t=1,2,...,T denotes years.

ln() indicates natural logarithm to stabilize variance and interpret coefficients as elasticities.

ϵ are error terms capturing unobserved heterogeneity.

Data Sources

Data for all variables FDI, PFI, ODA, GDP, inflation, exchange rate, and unemployment are sourced from the World Bank's World Development Indicators (WDI), covering the period 1990-2020. The data set includes annual figures for each country, ensuring consistency and comparability across time and space.

Method of Data Analysis

The models are estimated using panel data techniques, specifically:

Fixed Effects (FE) Model: Assumes country-specific effects are correlated with the regressors, capturing unobserved heterogeneity.

Random Effects (RE) Model: Assumes country-specific effects are uncorrelated with regressors, allowing for more efficient estimates if assumptions hold.

The choice between FE and RE models will be guided by the

Hausman specification test:

H_0: RE model is appropriatevs

H_1: FE model is appropriate

H_0:H_1: FE model is appropriate:

FE model is appropriate

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If the Hausman test indicates rejection of H0, the fixed effects model will be preferred; otherwise, the random effects model will be used.

Stationarity and Unit Root Tests

To avoid spurious regressions, stationarity of the panel data will be tested using the Im-Pesaran-Shin (IPS) test (2003), suitable for panels

Where:

T>NT.

The model for the IPS test is:

$\Delta y_{it}=\rho iyit-1+\sum k= t-k+\eta i+\varepsilon_{it}$

where:

η_i captures individual effects,

ε_{it} is the error term.

IV. RESULTS AND DISCUSSION

Descriptive Statistics

The descriptive statistics was used to examine the statistical properties of the variables such as their measure of central tendencies like the mean and median as well as their measure of dispersion like the maximum, minimum and standard deviation. The descriptive statistics also indicated the pattern of distribution of the variables to identify if the variables were normally distributed or not.

Table 4.1 Descriptive Statistics

	UMP	EXCH	FDI	GDPGR	INFL	ODA	PFI
Mean	4.842685	160.7018	1.050239	4.693762	9.767653	6.950812	-4.210824
Median	4.350000	176.7280	1.840843	4.540000	5.718675	2.880824	0.000000
Maximum	10.36000	459.3360	8.840459	149.9730	72.72900	1.141031	3.400943
Minimum	0.690000	0.021000	-7.940908	-21.83400	-4.279000	520000.0	-1.501043
Std. Dev.	2.594950	124.6781	1.802709	16.20663	12.35681	1.220931	1.800923
Skewness	0.241057	0.171281	2.318901	5.332038	2.593769	5.390887	-5.688746
Kurtosis	1.931831	2.040362	8.418623	45.18159	10.62844	42.75809	40.45453
Jarque-Bera	8.869996	6.705391	32.85399	12225.68	549.6282	10959.48	9896.035
Probability	0.011855	0.034990	0.000000	0.000000	0.000000	0.000000	0.000000
Sum	750.6163	24908.78	1.62E+11	727.5331	1513.986	1.08E+11	-6.53E+10
Sum Sq. Dev.	1037.000	2393874.	5.01E+20	40448.86	23514.38	2.30E+20	4.98E+20
Observations	155	155	155	155	155	155	155

Source: Computed using E-Views 11 Software Package (2021)

The descriptive statistics showed that all the variables have equal number of observations (balance Panel) of 155 each. All the variables (UMP, EXCH, FDI, GDPGR INF, PFI and ODA) have low probability given as 0.011855, 0.034990, 0.000000, 0.00000, 0.00000, 0.00000 and 0.000000 respectively. This implies the variables were not normally distributed given the nature of the series which were panel series cutting across different countries. However, Non-normality of the variables does not have any effect on the result to be estimated. As stated by the Central Limit Theorem that mean values are always normally distributed even when the given variable is not normally distributed. Regression coefficients are all mean values therefore non-normality of the variables will not impact on the regression results in this section.

Trend Analysis

Graphically, the trend analyses showed that there were fluctuations in all the variables under study at one point or the other during the period under review. This may be attributed to the effects of global economic events that would have had attendant effects on some of the variables. These are presented graphically below:

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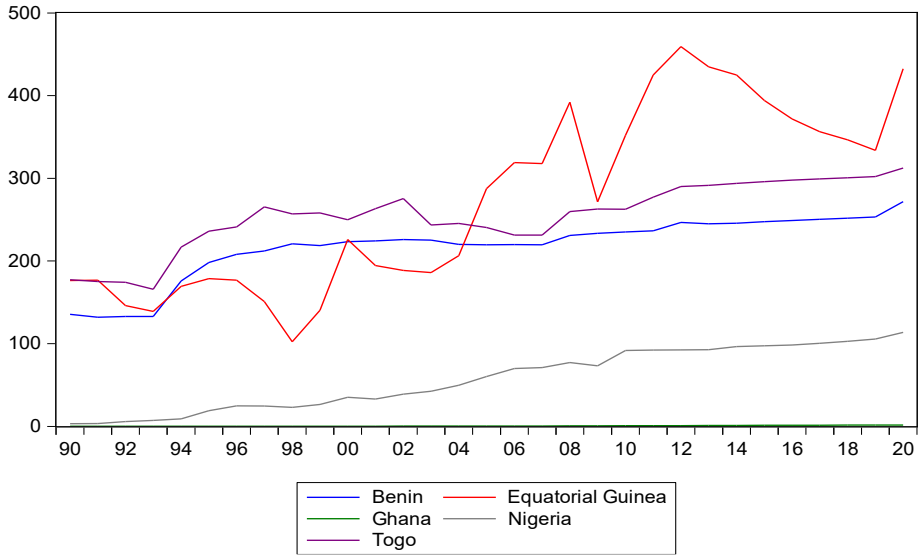

Figure 1: Graphical Representation of Exchange Rate Series

From figure 1, exchange rate have been rising for all the African countries under review, Equatorial Guinea had fluctuating exchange rate with exchange rate for the country rising rapidly after 2004. Exchange rate for Togo and Benin exhibit similar trend and rising over the period of 1990 to 2020. For Nigeria, exchange rate showed a steady upward trend over the reference period. Ghana had the least exchange rate of the countries reviewed.

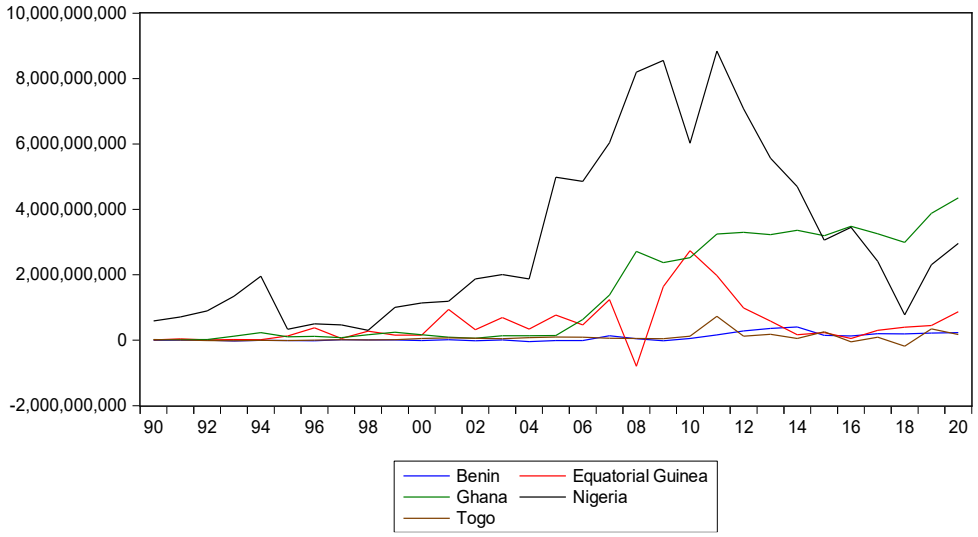

Figure 2: Graphical Representation of Foreign Direct Investment

Figure 2 shows Foreign Direct Investment (FDI) series for the five West African countries under review, from the diagram, FDI fluctuated widely over the study period. Nigeria received the highest FDI inflow between 1998 to 2016. Ghana also had significant FDI inflows between 2004 to 2020. Equatorial Guinea had substantial amount of FDI from 2001 and it declined in 2008. Togo and Benin had minimum FDI compare to the other countries reviewed.

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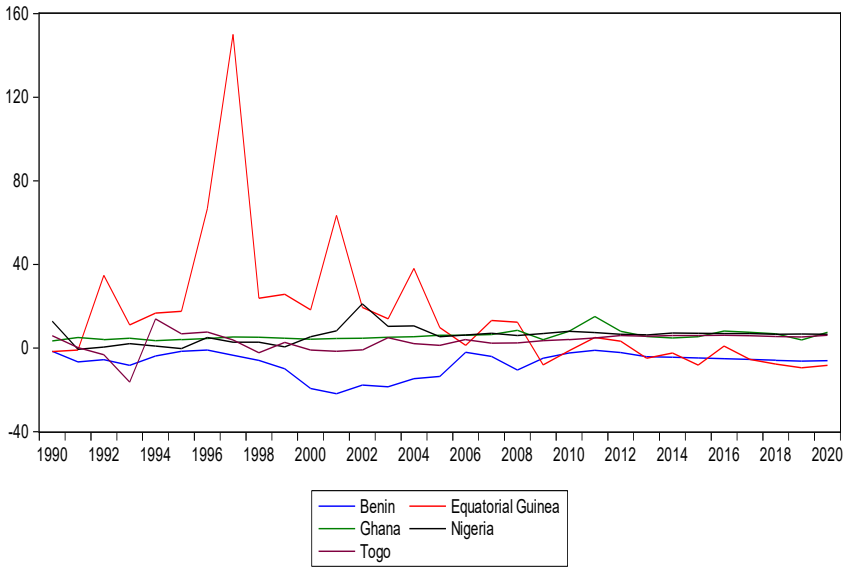

Figure 3: Graphical Representation of Gross Domestic Product Growth Rate

Figure 3 shows Gross Domestic Product Growth Rate (GDPGR) series for the five West African countries under review, From the diagram, GDPGR fluctuated widely over the study period where all the countries experienced negative growth rate at one period or the other. Equatorial Guinea had the highest growth rate between 1991 to 2004, this is followed by Ghana. Benin recorded the lowest growth rate compared to other countries reviewed.

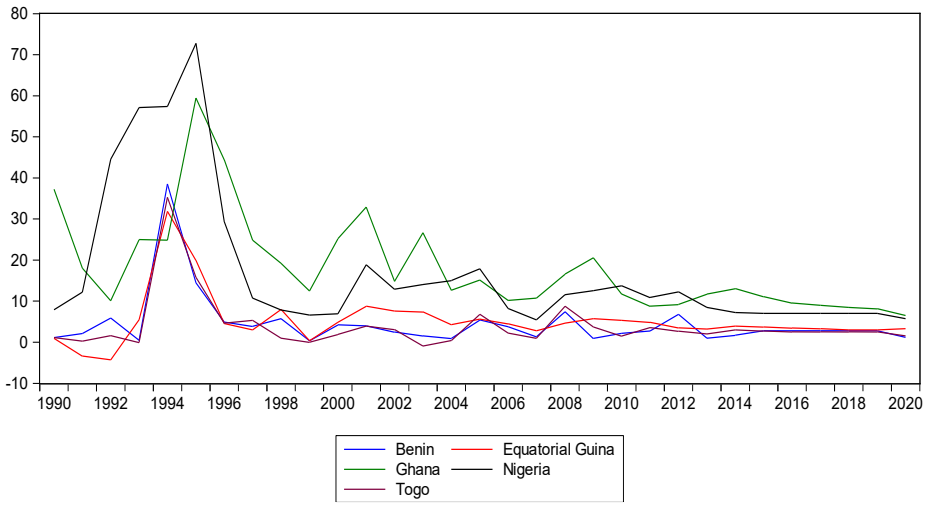

Figure 4: Graphical Representation of Inflation Rate Series

Figure 4 shows Inflation Rate (INFL) series for the five West African countries under review. Interestingly, all the countries exhibit similar irregular pattern of fluctuation of inflation series. Nigeria recorded the highest inflation rates between 1991 and 1995. Ghana also experienced high inflation rates from 1995 upwards. From 2014 upwards inflation rates for the five countries tends to converge.

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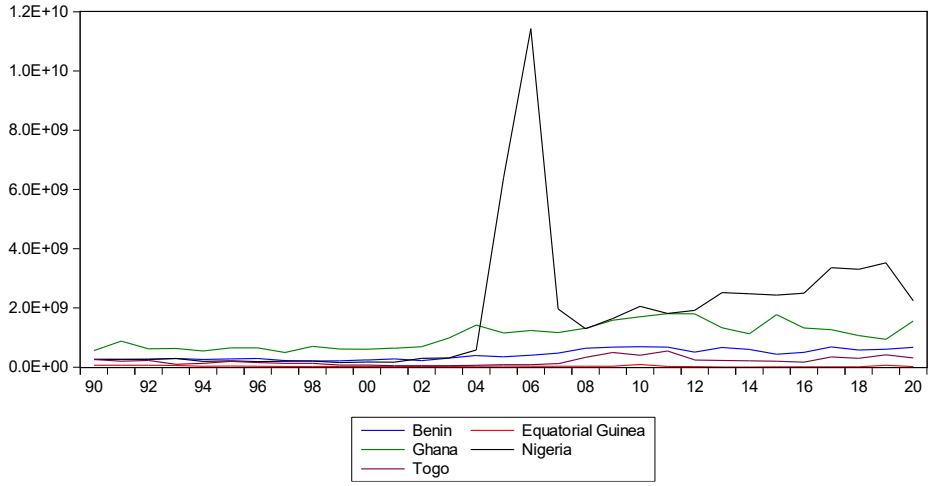

Figure 4.5: Graphical Representation of Official Development Assistance

Figure 4.5 shows Official Development Assistance (ODA) series for the five West African countries under review, From the diagram, prior to 2004, Ghana received the highest ODA of the five West African Countries. Nigeria had a significant rapid increase in ODA between 2005 and 2007, afterwards the country had the highest ODA till 2020. Benin also had substantial ODA inflows followed by Togo. Equatorial Guinea received the least ODA among the countries reviewed.

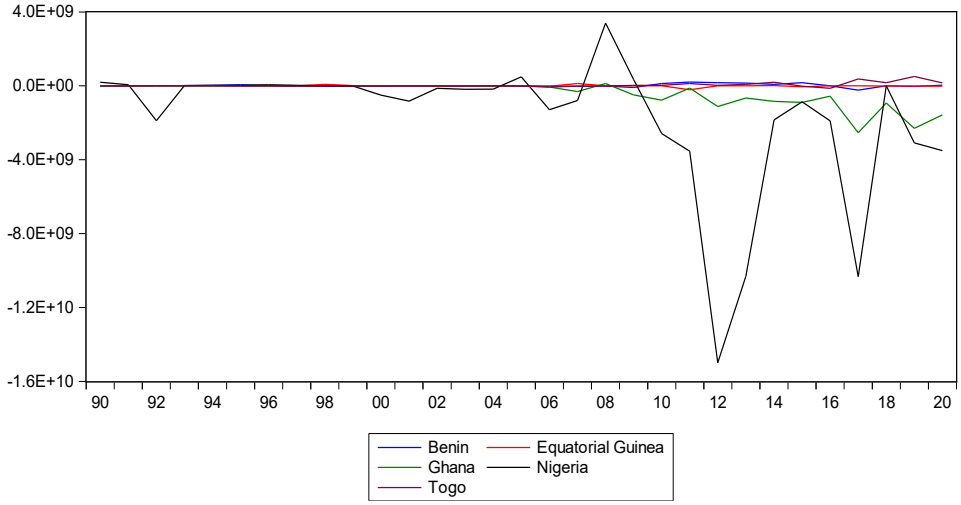

Figure 6: Graphical Representation of Portfolio Foreign Investment

Figure 6 shows Portfolio Foreign Investment (PFI) series for the five West African countries under review, From the diagram, Nigeria had declining PFI from 2010 to 2020. Ghana also had declining PFI from 2008 to 2020. The remaining countries (Benin, Togo and Equatorial Guinea) had similar PFI inflows over the reference period.

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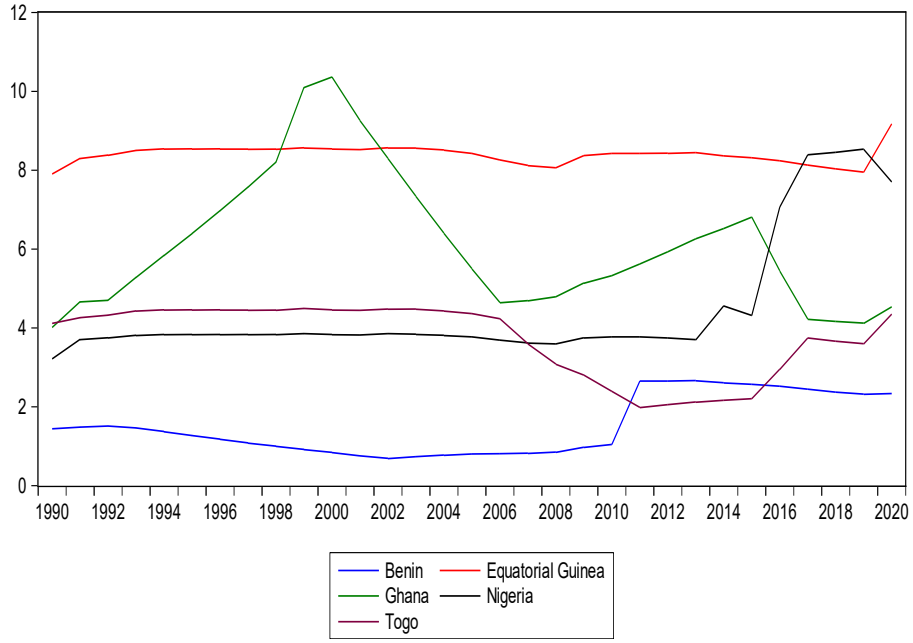

Figure 7: Graphical Representation of Unemployment Rate Series

Figure 7 shows Unemployment Rate (UMP) series for the five West African countries under review. Unemployment rate fluctuates for all the countries except Equatorial Guinea. Equatorial Guinea had a relative stable unemployment rate. Ghana had a rise in unemployment between 1992 to 2006. Unemployment rate in Nigeria fluctuates over the study period with a decline in 2006 to 2011. Benin unemployment rate rose in 2011 while that of Togo rose in 2015.

Panel Test of Stationarity

The unit root test is essential to determine the stationarity property of the variables which will be used to carry out the panel data analysis. Panel unit root tests were conducted with Im-Pasaran –Shin (IPS) (2003) test statistic.

Table 2 Panel unit root test

Variable	IPS Statistic	Prob	Decision
INF	-4.66019	0.0000	I(0)
FDI	-3.66281	0.0001	I(0)
GDPGR	-3.66089	0.0001	I(0)
EXCH	-3.66089	0.0001	I(0)
UMP	-3.10891	0.0021	I(0)
PFI	-3.62989	0.0001	I(0)
ODA	-3.691010	0.0000	I(0)

Source: Computed using E-Views 11 Software Package

From the unit root test, all the variables were stationary at level. The probability value of the IPS statistics at levels were all lower than 0.05 (5 percent level of significance) all for the variables. This implies that the variables were all stationary at levels.

Estimating Model 1

The impact of foreign investment inflow on economic growth in selected West African countries began with the selection of the appropriate panel model using the Hausman Test.

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Table 3 Model Selection

Correlated Random Effects - Hausman Test

Equation: Untitled

Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	0.000042	4	0.9968

Source: Computed using E-Views 11 Software Package

The null hypothesis of the Hausman's test is that random effect is the preferred model while the alternate hypothesis state that random effect is not appropriate, thus fixed effect is the correct model. From the Hausman's test statistic of 0.000042 and the probability of 0.9968 we accept the null hypothesis since the probability is higher than 0.05 (5 percent level of significant), therefore, the random effect model is the correct model. Thus, the Random Effect model was used to estimate model 1.

Table 4 Random Effect (RE) Model
Dependent Variable: GDPGR

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	3.277265	3.670942	0.892759	0.3738
LOG(FDI)	1.634904	0.129198	12.65418	0.0000
LOG(ODA)	0.422963	1.368919	0.308976	0.7579
LOG(PFI)	0.005529	0.402772	0.013728	0.9891

Model Evaluation

R-squared	0.360176	Mean dependent var	4.693762
Adjusted R-squared	0.268867	S.D. dependent var	16.19438
S.E. of regression	16.74272	Sum squared resid	33918.57
F-statistic	6.699326	Durbin-Watson stat	0.872439
Prob(F-statistic)	0.002077		

Source: Computed using E-Views 11 Software Package

From table 4, all the variables have positive impact on economic growth but insignificant for ODA and PFI. This conforms to a priori expectations. Based on the result, a percentage increase in FDI inflow gives 1.634904 percent increase in economic growth. This result is statistically significant as indicated by the probability value of the FDI parameter which is given as 0.0000 and is lower than 0.05 (5% level of significance).*-

Similarly, one percent increase in ODA amount to 0.422963 percent increase in economic growth. The result is insignificant as indicated by the probability of the ODA parameter given as 0.7579.

PFI inflow has a positive but insignificant impact on

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economic growth such that a one percent increase in PFI resulted in 0.005529 percent increase in economic growth. The result is statistically insignificant as indicated by the probability value of the PFI parameter given as 0.9891 which is higher than 0.05.

From model Evaluation Criteria, the R^2 result showed that about 36 percent changes in economic growth is accounted for by foreign investment inflows. The F-statistic of 6.699362 also indicated that the model is significant at 5 percent given the probability of F statistic as 0.002077 (less than 0.05).

Estimating Model 2

The impact of foreign investment inflow on inflation rate in selected West African countries began with the selection of the appropriate panel model using the Hausman Test.

Table 4.5 Model Selection

Correlated Random Effects - Hausman Test

Equation: Untitled

Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	0.000021	4	0.9978

Source: Computed using E-Views 11 Software Package

The null hypothesis of the Hausman's test is that random effect is the preferred model while the alternate hypothesis state that random effect is not appropriate, thus fixed effect is the correct model. From the Hausman's test statistic of 0.000021 and the probability of 0.9978 we accept the null hypothesis since the probability is higher than 0.05 (5 percent level of significant), therefore, the random effect model is the correct model. Thus, the Random Effect model was used to estimate model 1.

Table 6 Random Effect (RE) Model
Dependent Variable: INFL

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	13.01816	0.771492	16.87400	0.0000
LOG(FDI)	1.868823	0.434445	4.301632	0.0000
LOG(ODA)	1.591262	0.656788	2.422795	0.0166
LOG(PFI)	0.443461	0.226179	1.960658	0.0418

Model Evaluation

R-squared	0.369007	Mean dependent var	9.767653
Adjusted R-squared	0.338960	S.D. dependent var	12.35681
S.E. of regression	10.04663	Akaike info criterion	7.502584
Sum squared resid	14837.40	Schwarz criterion	7.659664
Log likelihood	-573.4503	Hannan-Quinn criter.	7.566386

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F-statistic	12.28090	Durbin-Watson stat	0.974493
Prob(F-statistic)	0.000000		

Source: Computed using E-Views 11 Software Package

From table 6, one percent increase in FDI inflow gives 1.868823 percent increase in inflation rate. This result is statistically significant as indicated by the probability value of the FDI parameter which is given as 0.0000 and is lower than 0.05 (5% level of significance).

Similarly, one percent increase in ODA amounted to 1.591262 percent increase in inflation rate. The result is significant as indicated by the probability of the ODA parameter given as 0.0166.

PFI inflow has a positive and significant impact on inflation rate such that a one percent increase in PFI resulted in 0.443461 percent increase in inflation rate. The result is statistically significant as indicated by the probability value of the PFI parameter given as 0.0418 which is lower than 0.05.

From model Evaluation Criteria, the R^2 result showed that about 36 percent changes in inflation rate is accounted for by foreign investment inflows. The F-statistic of 12.28090 also indicated that the model is significant at 5 percent given the probability of F statistic as 0.002077 (less than 0.05).

Test of Hypotheses

The empirical analysis carried out in the course of this study, covers five West African countries which are Benin, Ghana, Equatorial Guinea, Togo and Nigeria. for the period 1990-2020. The study shows foreign investment impacts on microeconomic variables in the selected countries. The extent of the impact varies from one country to another. The Analysis made attempt to provide answers to the Research questions; by empirically examining the impact of Foreign Direct Investment, Portfolio Foreign Investment and Official Development Assistance and Foreign Aid on economic growth, inflation rate, unemployment rate and exchange rate.

Table 4 showed that foreign investment has a significant impact on economic growth, therefore, the null hypothesis (H_0): foreign investment does not have a significant impact on economic growth is rejected. In the country's specific analysis, foreign investment in terms of PFI significantly impact economic growth in Benin, ODA significantly impact economic growth in Equatorial Guinea, PFI and ODA significantly impact economic growth in Ghana while for Nigeria and Togo foreign investment was insignificant.

Table 5 showed that foreign investment has a significant impact on inflation rate, therefore, the null hypothesis (H_0): foreign investment does not have a significant impact on inflation rate is rejected. In the country's specific analysis, foreign investment in terms of PFI and ODA significantly impact inflation rate in Ghana, while for Benin, Equatorial Guinea, Nigeria and Togo foreign investment was insignificant.

V. DISCUSSION OF FINDINGS

From the empirical tests conducted, the major findings from the results include the following.

Firstly, with regards to economic growth, Foreign investment in form of Foreign Direct Investment have a positive and significant impact on economic growth. The result indicated that FDI has a positive and significant impact on GDPGR. These findings aligns with the studies of Rappaport (2019); Subramanian (2018); Tille (2018) who also observed a positive and significant impact of FDI on economic growth. However, studies such as Alfaro and Ozcan-Kalemhi (2015); Prasad, Rajan and Subramanian (2018) held contrary view. The result further showed that PFI and ODA as forms of foreign investment had insignificant impact on GDPGR.

VI. CONCLUSION

Based on the empirical evidence, this study concluded that foreign investment significantly impacts key macroeconomic variables such as economic growth and inflation rate in the selected West African countries. Specifically, Foreign Direct Investment (FDI) has a positive and statistically significant effect on economic growth, indicating its vital role in fostering development within the region. While Portfolio Foreign Investment (PFI) and Official Development Assistance (ODA) show

mixed results, their influence on growth and inflation varies across countries.

Furthermore, the findings revealed that foreign investment in the forms of FDI, PFI, and ODA also significantly influence inflation rates, showing the importance of managing capital inflows effectively to maintain macroeconomic stability.

In light of these findings, the study affirmed that foreign investment is essential for achieving macroeconomic stability and sustainable growth in the West African region. It also successfully addresses the key research questions by establishing clear linkages between foreign investment and the selected macroeconomic variables, thereby providing valuable insights for policymakers aiming to maximize the benefits of foreign capital inflows for regional development.

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