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# IMPACT OF FOREIGN DIRECT INVESTMENT ON SUSTAINABLE DEVELOPMENT IN SUB-SAHARAN COUNTRIES

**Yamben Michel Freddy Harry** [1]
**Wang-Laouna Benguellah** [2]

## Abstract

The article investigates the direct and indirect effects of foreign direct and indirect investment on sustainable development is an empirical analysis of the relationship between Foreign Direct Investment (FDI) and sustainable development in the WAEMU and ECCAS zones. It examines the impact of FDI on sustainable development in a sample of ten countries[1] during the period 2000-2017. The estimation technique is based on the Generalized Method of Moments based on Dynamic Panel data. After a battery of tests (interdependence, stationarity, co-integration, endogeneity and model identification tests), the results reveal through the prism of co-integration that our main variables have three long-term relationships in the ECCAS sub-region and no long-term relationship in the WAEMU sub-region. In addition, in the WAEMU subregion, an increase of one unit of human development index (HDI) leads to a decrease of 2.41E-10% in FDI; 1.36E-05% in non-renewable energy consumption (CENREN). On the other hand, there is an increase of 0.499551% in carbon dioxide emissions (ECO2); 0.003856% in renewable energy consumption (CEREN); 2.75E-05% in Gross Domestic Product per capita (GDP per capita). In the ECCAS subregion, an increase of one HDI unit reveals a decrease of 1.15E-05% in HDPI, and there is an increase of 3.06E-12% in FDI, 0.005318% in non-renewable energy consumption (CENREN), an increase of 0.089169% in carbon dioxide emissions (ECO2); and 8.85E-05% in renewable energy consumption (CEREN). These results show, on the one hand, that the HDI does not contribute to the increase of the HDP in the ECCAS sub-region (which can be explained by the presence of corruption, lack of employment, low labour costs, political instability in the different countries of the sub-region...) and deteriorates FDI and CENREN in the WAEMU sub-region. In terms of recommendations, in order to have an HDI that can have a positive impact on the HDP, the actions to be taken must focus on improving governance at the level of both the States and the ECCAS sub-region. Diversifying energy sources. Finally, avoid the repatriation of profits to the countries of origin.

***Keywords***: Sustainable development; foreign direct investment; gross domestic product, renewable energy and non-renewable energy

***JEL Codes:*** F64, Q01, Q56.

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1. Teacher/Doctoral Student, Faculty of Economics and Management, University of Maroua, Cameroon, Email: yambenharry@yahoo.fr
2. Teacher/Doctoral Student, Faculty of Economics and Management, University of Maroua, Cameroon, Email: wanglaobeng98@gmail.com

[1] Angola, Cameroon, Congo, Gabon, DRC, Benin, Ivory Coast, Niger, Senegal, Togo