
Exploring the Impact of Economic Indicators on Foreign Direct Investment: Case of Côte D'Ivoire

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ABSTRACT: This paper examines the impact of economic indicators on foreign direct investment in Côte d'Ivoire, using data from 1970 to 2022 sourced from the World Bank database. The independent variables examined include Gross Domestic Product, inflation rate, exchange rate, trade openness, and government debt, while FDI serves as the dependent variable. Through rigorous statistical analysis, including Augmented Dickey-Fuller tests, Ordinary Least Squares analysis, Johansen cointegration analysis, and Granger causality tests, the results showed that GDP and inflation rate exhibit statistically significant positive effect on FDI, suggesting that economic growth and higher inflation rates may attract foreign investment. However, variables such as exchange rate, trade openness, and government debt do not show significant impacts on FDI. The study underscores the nuanced nature of FDI determinants in Côte d'Ivoire, emphasizing the need for tailored policy interventions to foster sustained economic growth and attract foreign investment. These outcomes help to a deeper understanding of the complex dynamics shaping FDI inflows in the region, providing valuable insights for policymakers, investors, and stakeholders alike

1- INTRODUCTION

Côte d'Ivoire's economy is diversified, with a range of economic activities that go beyond its agricultural and developing industrial sectors. The government has been enacting policies to draw investment and optimize the advantages generated from these assets, and as a result, efforts to ethically and sustainably harness. Côte d'Ivoire has advanced its services sector significantly, especially in sectors like banking, tourism, and telecommunications. Because of its advantageous location, stable political system, and developing infrastructure, the nation is now seen as a regional center for trade and business. In particular, the port of Abidjan is an essential entry point for imports and exports, promoting worldwide market linkage and international trade. In addition, the government's focus on encouraging entrepreneurship and creating a favourable business climate has accelerated the expansion of small and medium-sized businesses (SMEs) in a number of industries. These SMEs are essential for promoting inclusive economic development, generating job opportunities, and stimulating innovation. To increase its market access and boost its competitiveness on the international arena, Côte d'Ivoire aggressively participates in regional and international trade agreements in addition to its domestic policies. The nation participates in regional organizations that promote intra-regional commerce and collaboration, such as the West African Economic and Monetary Union (WAEMU) and the Economic Community of West African States (ECOWAS). However, Côte d'Ivoire's ambitious economic plan and ongoing reforms aimed at promoting inclusive growth and sustainable development demonstrate the country's tenacity and willingness to overcome these obstacles. Côte d'Ivoire is well positioned to achieve its economic potential and become a regional leader in prosperity by utilizing its diverse resources, capitalizing on its strategic advantages, and creating a welcoming investment environment. Known as the "economic powerhouse" of West Africa, Côte d'Ivoire has a robust and diverse economy that has seen substantial growth and change in recent years. Thanks to its advantageous geographic position, an abundance of natural resources, and a highly skilled labor population, the nation's economy has grown at one of the quickest rates on the continent. Nevertheless, despite its economic growth, Côte d'Ivoire continues to encounter obstacles that call for coordinated action to overcome. These include disparities in income, insufficient access to essential services, and susceptibilities to outside shocks like volatile commodity prices and unfavourable weather. Furthermore, challenges to long-term economic development are also present due to the legacy of previous political unrest and conflict.

In the era of globalization, countries everywhere are always looking for ways to draw in foreign investment and promote economic expansion. In this context, foreign direct investment is essential since it propels both technological improvement and economic growth. The comprehension of the factors influencing foreign direct investment inflows has grown in significance for researchers, economists, and policymakers. Foreign investment has been drawn to the nation due to its dedication to political stability and economic reforms, which has fueled its economic growth even more. The National Development Plan of the government clearly demonstrates its attempts to diversify the economy, boost business climate, and develop infrastructure, making Côte d'Ivoire an

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appealing destination for investors looking for possibilities in the vibrant West African region. Notwithstanding significant advancements, issues like wealth inequality and susceptibility to outside shocks still exist

In light of this, investigating the complex link between Côte d'Ivoire's economic indicators and the influx of foreign direct investment becomes essential. The economic indicators that are being examined cover a wide range of topics, including institutional frameworks, political stability, trade policies, budgetary measures, and macroeconomic stability. Policymakers looking to develop policies that increase the nation's appeal to foreign investors can benefit greatly from an understanding of how these elements combine and affect FDI inflows.

It is crucial to understand that the global economic environment is dynamic and impacted by both internal and external variables as we begin this investigation. Through our analysis of the Côte d'Ivoire case, we hope to add empirical data and analytical viewpoints to the larger conversation on FDI determinants, which can help guide academic research and policy decisions. This article is set up to offer a thorough analysis; it starts with a literature review to put previous studies on the factors influencing foreign direct investment and economic indicators. After delving into the particular economic metrics that influence foreign direct investment in Côte d'Ivoire, the presentation and analysis of empirical data will come next. Our goal in doing this research is to clarify the elements that either facilitate or impede the flow of foreign direct investment into Côte d'Ivoire, therefore expanding our knowledge of the worldwide dynamics of FDI and its effects on economic growth.

2- BRIEF LITERATURE OVERVIEW

The comprehensive literature review on Foreign Direct Investment reveals a nuanced understanding of the complex relationships between FDI and various economic indicators across diverse regions. Studies such as the one from Anguibi (2015) in Côte d'Ivoire and Seyoum, Wu, and Lin (2015) in African economies highlight the importance of economic performance and a two-way Granger causality between FDI and economic growth. Anyanwu and Yameogo's (2015) investigation in West Africa emphasizes positive impacts of real per capita GDP, domestic investment, trade openness, and monetary integration on FDI inflows, while noting negative relationships with economic growth and life expectancy.

Further insights from Appiah-Kubi et al. (2020) in West African countries underscore the nuanced relationship between regulations in securities and stock exchanges and FDI. Gherghina, Simionescu, and Hudea's (2019) exploration in Central and Eastern European countries identifies a non-linear relationship between FDI and GDP per capita, emphasizing the positive influence of institutional quality.

The West African perspective is enriched by Olaniyan, Quadri, and Oladejo's (2023) study, revealing a negative relationship between economic growth and exchange rate, and Asiamah, Ofori, and Afful's (2018) findings on the cointegrating relationship between FDI and its determinants in Ghana. O'Meara's (2015) emphasis on traditional variables like market size and economic openness as key drivers of FDI further contributes to our understanding.

Insights from diverse regions continue with Onyeiwu and Shrestha's (2004) identification of significant factors influencing FDI flows to Africa, including economic growth, inflation, and natural resource availability. Kombui and Kotey's (2019) Granger causality approach recommends measures for natural resource management and infrastructure improvement to attract foreign investments.

The Asian perspective is examined by studies such as Shahrudin, Yusof, and Mohd. Satar's (2010) findings on the positive contribution of financial development and economic growth to FDI in Malaysia. Meivitananli's (2021) study in Indonesia emphasizes the significance of market size in affecting FDI, while Shah, Ahmed, and Siddiqui's (2003) research in Pakistan explores the long-run relationship between FDI flows and various factors.

According to Imran and Rashid's (2023) findings, economic stability emerges as a key theme in linking domestic GDP growth rate positively with FDI surge episodes and emphasizing the negative association with inflation. Pattayat's (2016) study in India underscores the pivotal role of market size in attracting foreign capital flow.

Mateev's (2009) analysis challenges conventional wisdom by considering both gravity and non-gravity factors in explaining the size of FDI flows into transition economies. Wijaya and Dewi's (2022) study in Indonesia unveils positive effects of market size, trade openness, human capital, and FDI on tax revenue, emphasizing indirect effects on tax revenue through FDI.

Chakrabarti's (2001) Extreme Bound Analysis upholds the correlation between FDI and market size, highlighting the sensitivity of this relationship to alterations in controversial variables. Agbloyor, Abor, Adjasi, and Yawson's (2013) findings suggest that an advanced banking system and developed stock markets can lead to increased FDI flows in Africa.

The Ethiopian perspective, presented by Dana's (2019) study, establishes significant and negative relationships between FDI inflows and exchange rates, underscoring the role of currency depreciation in attracting FDI.

In conclusion, this literature review offers valuable insights into the determinants and impacts of FDI, emphasizing the need for region-specific policies. The complex dynamics between economic variables and FDI inflows necessitate careful consideration by policymakers, researchers, and practitioners aiming to attract and sustain foreign direct investment.

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3- METHODOLOGY

A-Research Design: In the context of Côte d'Ivoire, this study uses an econometric technique to examine the impact of independent variables, such as GDP, inflation rate, currency rate, trade openness, and government debt on foreign direct investment, using the Johansen cointegration technique.

B- Data Collection: The World Bank database, which spans the years 1970 to 2022, provided the data for this study. Selecting this data source guarantees consistency and dependability in the dataset, allowing for thorough analysis.

C- Variables:

Dependent Variable:

Foreign Direct Investment (FDI): The term "FDI" refers to the net amount of foreign direct investment that enters in Côte d'Ivoire. This variable serves as the primary focus of the study, capturing the response of foreign investment to changes in economic indicators.

Independent Variables:

Gross Domestic Product (GDP): GDP is the total monetary value of all goods and services produced within the economy. It is included to assess the impact of overall economic performance on FDI.

Inflation Rate: The inflation rate measures the percentage change in the general price level of goods and services over a specific period. This variable is incorporated to evaluate the influence of price stability on FDI.

Exchange Rate: The exchange rate represents the value of the national currency (e.g., CFA Franc) relative to foreign currencies. It is included to examine the effect of currency valuation on FDI.

Trade Openness: Trade openness refers to the degree to which a country engages in international trade. It is measured as the ratio of total trade (exports plus imports) to GDP and is included to assess the impact of trade liberalization on FDI.

Government Debt: Government debt indicates the total amount of outstanding debt owed by the government of Côte d'Ivoire. This variable is included to analyze the influence of fiscal policy on FDI inflows.

D- Hypothesis

- **GDP**

Null Hypothesis (H0): There is significant effect of Gross Domestic Product (GDP) on Foreign Direct Investment (FDI) in Côte d'Ivoire.

Alternative Hypothesis (H1): There is no significant effect of Gross Domestic Product (GDP) on Foreign Direct Investment (FDI) in Côte d'Ivoire.

- **IF**

Null Hypothesis (H0): There is significant effect of Inflation Rate on Foreign Direct Investment (FDI) in Côte d'Ivoire.

Alternative Hypothesis (H1): There is no significant effect of Inflation Rate on Foreign Direct Investment (FDI) in Côte d'Ivoire.

- **FX**

Null Hypothesis (H0): There is significant effect of Exchange Rate on Foreign Direct Investment (FDI) in Côte d'Ivoire.

Alternative Hypothesis (H1): There is no significant effect of Exchange Rate on Foreign Direct Investment (FDI) in Côte d'Ivoire.

- **Trade**

Null Hypothesis (H0): There is significant effect of Trade Openness on Foreign Direct Investment (FDI) in Côte d'Ivoire.

Alternative Hypothesis (H1): There is no significant effect of Trade Openness on Foreign Direct Investment (FDI) in Côte d'Ivoire.

- ❖ **Government debt**

Null Hypothesis (H0): There is significant effect of Government Debt on Foreign Direct Investment (FDI) in Côte d'Ivoire.

Alternative Hypothesis (H1): There is no significant effect of Government Debt on Foreign Direct Investment (FDI) in Côte d'Ivoire.

E- Econometric Model: To examine the long-term relationship between FDI and the chosen economic indicators, the study uses the Johansen cointegration technique. The analysis of several time series variables and their time-dependent equilibrium relationships is made possible by Johansen cointegration. In order to develop long-term relationships, cointegration among non-stationary variables must be explored, and this method is particularly well-suited for this task.

- ❖ **Unit Root Test**

A unit root test is a statistical method used to determine whether a time series variable is not stationary, which means it has a random trend and does not have a constant variance or mean over time. Unit root tests are important in the fields of econometrics and time series analysis because they help assess the stationarity of variables, which is a crucial assumption in many econometric models. The formula is shown as :

$$\Delta y_t = \rho y_{t-1} + \alpha (\Delta y_{t-1}) + \beta_1 \Delta y_{t-2} + \dots + \beta_k \Delta y_{t-k} + \varepsilon_t$$

Where:

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Δy_t represents the first difference of the time series at time t .

ρ is the coefficient to be tested for unit root presence.

α and β_i are coefficients.

ε_t is the error term.

❖ Ordinary Least Squares (Ols) Regression

We will use the Ordinary Least Squares regression approach to estimate the coefficients of the econometric model that was previously described. OLS reduces the total squared discrepancies between the model's predicted values and the observed values of the dependent variable (FDI).

The OLS regression equation for our model is:

$$FDI_t = \beta_0 + \beta_1 GDP_t + \beta_2 IF_t + \beta_3 FX_t + \beta_4 Trade_t + \beta_5 Debt_t + \varepsilon_t$$

Where:

FDI_t is the observed Foreign Direct Investment at time t .

GDP_t , IF_t , FX_t , $Trade_t$, and $Debt_t$ are the independent variables at time t .

β_0 is the intercept term.

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$ are the coefficients associated with each independent variable.

ε_t is the error term.

❖ Johansen Cointegration Test

The following is the specification of the econometric model that was employed to look into how economic indicators affected foreign direct investment (FDI) in Côte d'Ivoire:

$$FDI_t = \beta_0 + \beta_1 GDP_t + \beta_2 IF_t + \beta_3 FX_t + \beta_4 Trade_t + \beta_5 Debt_t + \varepsilon_t$$

Where:

FDI_t represents the Foreign Direct Investment at time t .

GDP_t denotes the Gross Domestic Product at time t .

IF_t signifies the Inflation Rate at time t .

FX_t indicates the Exchange Rate at time t .

$Trade_t$ represents the Trade Openness at time t .

$Debt_t$ signifies the Government Debt at time t .

β_0 is the intercept term.

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$ are the coefficients associated with each independent variable.

ε_t is the error term, representing the difference between the observed and predicted values of FDI not explained by the independent variables.

❖ Granger Causality analysis

Granger causality analysis is a statistical method used to determine whether one time series variable "Granger causes" another, implying predictive causality. In the context of your study on the impact of economic indicators on Foreign Direct Investment (FDI) in Côte d'Ivoire, Granger causality analysis can help identify the direction of causality between FDI and the independent variables

4. FINDINGS AND DISCUSSION

a) Unit Root test

Table 1: Unit Root Test for variables

VARIABLES		ADF test statistic	Test critical values:		
			1% level	5% level	10% level
FDI	t-Statistic	-4.034368	-3.562689	-2.918778	-2.597285
	Prob.*	0.0026			
GDP	t-Statistic	-4.491678	-3.562689	-2.918778	-2.597285
	Prob.*	0.0007			
IF	t-Statistic	-3.886317	-3.562689	-2.918778	-2.597285
	Prob.*	0.0041			
DTRADE	t-Statistic	-7.510021	-3.565430	-2.919952	-2.597905
	Prob.*	0.0000			
DFX	t-Statistic	-6.369373	-3.565430	-2.919952	-2.597905
	Prob.*	0.0000			
DDEBT	t-Statistic	-4.476180	-3.565430	-2.919952	-2.597905
	Prob.*	0.0007			

Null hypothesis: All variables do have unit root

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Alternative hypothesis: not all variables have unit root

The Augmented Dickey-Fuller statistics show a likelihood of less than 5% based on the test findings in Table 1. We have data that refutes the unit root null hypothesis. This suggests that, at level, trend, and intercept, FDI, GDP, IF, DTRADE, DFX, and DDEBT are stationary, which is frequently desired.

b) Descriptive statistics

Table 2: Descriptive statistics

	FDI	GDP	IF	DTRADE	DFX	DDEBT
Mean	4.188900	3.408702	5.582278	0.004131	0.015652	0.095832
Median	4.060912	3.551910	3.591319	0.000857	0.000220	0.101778
Maximum	3.874172	12.91640	2742186	0.232509	0.873318	0.581348
Minimum	0.176551	10.9870	4.108863	-0.366800	0.260286	0.477728
Std. Dev.	0.845273	4.732078	6.308476	0.095481	0.136686	0.198868
Skewness	4.480109	0.474526	4.743873	0.703429	2.083759	0.348680
Kurtosis	7.368360	3.281652	5.934438	6.082657	11.64888	3.683383
Jarque-Bera	59.82219	2.123393	45.01315	24.81142	198.9868	2.084929
Probability	0.000000	0.345869	0.000000	0.000005	0.000000	0.356128
sum	60.26280	177.0966	290.2784	0.214814	0.813905	4.983242
Sum Sq. Dev.	21.23525	142.019	2028.353	0.464948	0.952838	2.016979
Observations	52	52	52	52	52	52

The descriptive statistics give a thorough rundown of the factors essential to analyzing how economic indicators affect FDI (foreign direct investment) in Côte d'Ivoire. The average foreign direct investment (FDI) value of 4.188900 indicates a reasonable level of investment in the nation. But as the skewness of 4.480109 indicates, its distribution is substantially positively skewed, suggesting that there may be outliers with very high values. On the other hand, the distribution of GDP is rather symmetrical, with an average of 3.408702, signifying average economic output.

However, other variables, like the exchange rate, trade openness, and inflation rate, show different degrees of positive skewness, indicating deviations from normalcy that need more research especially given their effects on foreign direct investment. Government debt, on the other hand, has a mean of 0.095832, which indicates an average amount of debt in relation to GDP. Its distribution is somewhat favourably skewed. These observations highlight the necessity of taking into account the distributional properties of every variable in later analyses in order to guarantee precise model estimation and interpretation regarding the connection between FDI and economic indicators in Côte d'Ivoire.

c) Ordinary Least Squares (OLS)

Table 3 : The results of OLS test

Variable	Coefficient	Std.Error	t-Statistic	Prob.
C	1.092976	0.137409	7.954154	0.0000
GDP	0.039324	0.019051	2.064126	0.0447
IF	-0.002059	0.016562	-0.124293	0.9016
DTRADE	1.277529	1.050576	1.216028	0.2302
DDEBT	-0.522141	0.538064	-0.970407	0.3369
DFX	-0.076460	0.753612	-0.101458	0.9196

The results of the Ordinary Least Squares analysis in table 3 shed important light on how economic variables and foreign direct investment (FDI) interact in Côte d'Ivoire. GDP is the independent variable that shows statistical significance with prob value of 0.0447, which is less than 5%, meaning that growth in the nation's GDP has a positive impact on foreign direct investment.

However, the variables like the exchange rate, government debt, trade openness, and inflation rate do not have statistically significant impacts on FDI because their prob value is more than 5%. These results imply that, although GDP is a major draw for foreign direct investment (FDI), other economic variables may not directly affect investment choices in Côte d'Ivoire. A deeper comprehension of the dynamics influencing foreign direct investment (FDI) in the nation may be possible with model improvement and the investigation of new variables.

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d) Johansen Cointegration Test

Table 4: Summarized assumptions for cointegration test

Data Trend	None	None	Linear	Linear	Quadratic
Test Type	No Intercept	Intercept	Intercept	Intercept	Intercept
	No Trend	No Trend	No Trend	Trend	Trend
Trace	2	1	2	2	3
MaxEig	1	1	1	1	1
"Critical values based on MacKinnon-Haug-Michelis (1999)					
Information Criteria by Rank and Model					
Data Trend	None	None	Linear	Linear	Quadratic
Ranker	No Intercept	Intercept	Intercept	Intercept	_Intercept
No.ofCEs	No Trend	No Trend	No Trend	'Trend	Trend
Akaike Information Criteria by Rank (rows) and Model (columns)					
0	10.83024	10.83024	11.08647	-11.08647	11.2801
1	10.42867	1043488	1063209	1063140	10.81036
2	10.44379	1041064"	10.8881	10.1708	10.66868
3	10.6071	10.6061	10.72408	10.86304	10.6764
4	40.78730	10.81088	10.88862	10.7668	10.84112
5	44.12198	-11.18260	1.19089	1.07094	11.10612
6	'4459008	14.86986	-11.86086	11.44161	-11.44161

According Akaike information criteria by rank and model shown in table 4, the appropriate assumption is option 2 (which is none intercept, no trend) and lag 2.

e) Estimation of the Cointegrating Equation(s)

Table 5: Estimation of the Cointegrating Equation(s)

Variable	Coefficient	Std. Error	_t-Statistic	Prob.
GDP	0.140149	0.041842	3.349457	0.0018
IF	0.081612	0.034609	2.358120	0.0227
DFX	0587199	1.804039	0.325491	0.7463
DTRADE	0.287379	2.490709	-0.115380	0.9086
DDEBT	4.062835	1.331604	-0.798108	0.4289

In the context of Côte d'Ivoire, the findings of the Johansen cointegration analysis shed light on the of the impact of economic indicators on foreign direct investment. The degree and direction of each independent variable's association to FDI are shown by the coefficient estimations. GDP and FDI have a statistically significant positive association, with a coefficient estimate of 0.140149 and a t-statistic of 3.349457 (p-value = 0.0018) among the independent variables. This shows that FDI in Côte d'Ivoire is positively impacted by a rise in GDP. Similarly, IF exhibits a statistically significant positive relationship with FDI, with a coefficient estimate of 0.081612 and a t-statistic of 2.358120 (p-value=0.0227). This implies that higher inflation rates may also positively influence FDI inflows into the country. On the other hand, FX, TRADE, and DEBT do not show statistically significant impact on FDI. The coefficient estimates for FX and TRADE are not statistically significant, indicating that changes in these variables do not have a significant impact on FDI. Similarly, the coefficient estimate for DDEBT is not statistically significant, suggesting that government debt levels do not significantly influence FDI in Côte d'Ivoire.

f) Granger Causality Test

Table 6: The results of Granger Causality Test

GDP			
Null hypothesis	Obs	F-Statistic	Prob.
GDP does not Granger Cause FDI	52	1.04909	0.3107
FDI does not Granger Cause GDP		0.13315	0.7168

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IF			
Null hypothesis	Obs	F-Statistic	Prob.
IF does not Granger Cause FDI	52	0.11098	0.7405
FDI does not Granger Cause IF		0.000053	0.9982

DTRADE			
Null hypothesis	Obs	F-Statistic	Prob.
DTRADE does not Granger Cause FDI	50	1.72574	0.1896
FDI does not Granger Cause DTRADE		0.70636	0.4988

DFX			
Null hypothesis	Obs	F-Statistic	Prob.
DFX does not Granger Cause FDI	50	0.47664	0.6240
FDI does not Granger Cause DFX		0.91949	0.4061

DDEBT			
Null hypothesis	Obs	F-Statistic	Prob.
DDEBT does not Granger Cause FDI	50	0.37413	0.6900
FDI does not Granger Cause DDEBT		1.63744	0.2059

In the context of Côte d'Ivoire, the Granger causality analysis evaluates the directionality of the relationships between foreign direct investment and TRADE, GDP, IF, FX, and DEBT. Regarding GDP: An F-statistic of 1.04909 and a p-value of 0.3107 show that the null hypothesis, which states that GDP does not Granger cause FDI, is not rejected. Similar to this, the F-statistic of 0.13315 and p-value of 0.7168 do not rule out the null hypothesis that FDI does not Granger cause GDP. According to these findings, there isn't any proof of Granger causation between FDI and GDP or between GDP and FDI. In terms of IF (inflation rate), the analysis's F-statistics and corresponding p-values show that neither IF Granger nor FDI Granger causes IF. IF causing FDI has an F-statistic of 0.11098 and a p-value of 0.7405; FDI causing IF has an F-statistic of 0.000053 and a p-value of 0.9982. These findings rule out Granger causation between FDI and IF. In a similar vein, there are no discernible Granger causality correlations between FDI and TRADE, FX, or DEBT. For the hypothesis that these variables Granger cause FDI and that FDI Granger causes them, the corresponding p-values and F-statistics are not statistically significant. The Granger causality analysis's overall findings point to the lack of evidence for any directional causal linkages between Côte d'Ivoire's GDP, IF, TRADE, IF, DEBT, and FDI over the studied period. Important findings imply that FDI and important economic indicators may interact in complex ways, with the influence of several other factors not considered in the analysis.

CONCLUSION

In conclusion, this study has delved into the intricate relationship between various economic indicators and foreign direct investment (FDI) in Côte d'Ivoire. Through rigorous data collection and analysis, several key findings have emerged, shedding light on the dynamics influencing FDI in the country. Firstly, the results highlight the significant impact of Gross Domestic Product (GDP) on FDI. The statistical analysis reveals a positive relationship between GDP growth and FDI inflows, indicating that a stronger economy is conducive to increased foreign investment. This underscores the importance of sustained economic development and growth strategies in attracting FDI to Côte d'Ivoire. Furthermore, the study also identifies inflation rate as another significant factor influencing FDI. Despite the conventional belief that high inflation rates may deter investment, the findings suggest a positive correlation between inflation and FDI inflows in the Ivorian context. This counterintuitive relationship warrants further exploration and may signify unique economic dynamics at play in the region.

However, other economic indicators such as exchange rate, trade openness, and government debt do not exhibit statistically significant relationships with FDI. While these variables are often considered crucial determinants of investment attractiveness, their limited impact on FDI in Côte d'Ivoire suggests that additional factors may be at play. Moreover, the Granger causality analysis indicates a lack of discernible directional causal linkages between GDP, inflation rate, trade openness, exchange rate, government debt, and FDI over the studied period. This suggests that the relationship between FDI and economic indicators is complex and influenced by various external factors not accounted for in the analysis.

Overall, the findings underscore the multifaceted nature of FDI determinants in Côte d'Ivoire and the need for nuanced policy approaches to attract and sustain foreign investment. While GDP and inflation rate emerge as significant factors, further research is

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required to elucidate the intricate interactions between FDI and key economic indicators, taking into account broader contextual factors shaping investment decisions in the region.

RECOMMENDATIONS AND IMPLICATIONS

To catalyze sustained economic growth and attract foreign investment to Côte d'Ivoire, a multifaceted approach is recommended. Firstly, policymakers should prioritize initiatives aimed at bolstering GDP growth through targeted investments in infrastructure, innovation, and key sectors of the economy. Concurrently, vigilant monitoring and management of inflation rates are imperative to maintain price stability and reassure potential investors of the country's economic resilience. Enhancing competitiveness and trade openness remains pivotal, necessitating the reduction of trade barriers and the implementation of transparent regulatory frameworks. While exchange rate stability may not directly impact FDI, it plays a crucial role in fostering investor confidence, warranting effective management strategies. Sustainable debt management practices are also essential to safeguard fiscal stability and maintain investor trust. Diversified investment promotion strategies, encompassing improvements in the business environment, regulatory efficiency, and social stability, are crucial to attract a broad spectrum of foreign investors. Moreover, continual research and data collection efforts are vital to deepen understanding of FDI determinants and inform evidence-based policy decisions, thus propelling Côte d'Ivoire towards its long-term development goals.

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