Title of Article: Foreign Direct Investment and Economic Development in Low Income African Countries.


Abstract: Low income economies are characterized with high investment returns and therefore should attract foreign investment to primarily fill the existing gaps of productive factors which vividly reveals basis for their underdeveloped status. The main objective of the study is to ascertain the impact of flow of FDI on economic development of host African countries characterized with low income per capita. Panel data was utilized for 39 African countries, 20 of which were low income countries. The results indicates that FDI had significant impact on economic development of host African countries, by enhancing development of host sector and reducing gradually dependence on foreign capital, which resulted in increased income per capita, better education, living standards and wellbeing of the host economies. The study concludes by recommending that government of host economies should guide the sector of FDI inflow, and ensure policies are in place to enhance domestic investment development in such sectors. This will gradually bring about closure of existing proactive factors and hence economic development.